Atrum Coal
COAL FOR STEEL

ASX Release

29 APRIL 2016

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2016

HIGHLIGHTS

- Preliminary results from Duke E seam at Groundhog Project's Eastern Resource block return clean product yields averaging above 80%, producing a premium 10% ash ultra-high grade anthracite
- Further optimization of pre-feasibility work has been undertaken to evaluate various development and transportation options
- Atrum has completed all information requests from regulators in British Columbia who continue their process towards issuing a Bulk Sample Permit
- Atrum progresses discussions regarding possible Joint Ventures over the Panorama licenses in an effort to accelerate development of Groundhog region
- Settlement of promissory note payable to Anglo Pacific through payment of US$0.6 million and new royalty
- Raised A$2,902,393 through the issue of a convertible note (A$1,542,393 post quarter end), with the convertible notes also including a royalty component

Atrum Coal NL ("**Atrum**" or "**Company**") (ASX: ATU) is pleased to provide its Quarterly Activities Report for the period ending 31 March 2016.

Executive Chairman, Robert Bell, commented:

"It has been a solid quarter of work with pleasing results received from the Duke E seam at the Groundhog Project's Eastern Resource block, where yields of clean product compared to raw anthracite have averaged above 80%. The quality results are currently undergoing washplant simulations to predict primary and secondary yields from the designed washery, and we look forward to using these results as we build upon our understanding of the Groundhog Project and develop the most feasible mining options.

"Atrum has also progressed discussions regarding a possible joint venture over our Panorama licenses. These licenses make up the western region and about one third of the overall Groundhog

ASX:ATU - Share Information
Issued Shares: 189.4m

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Key Projects

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

project area. A joint venture would enable us to accelerate our exploration work across Panorama and bring forward the development of the entire Groundhog region, so this is an option we are keen to explore.

"Settling our promissory note with Anglo Pacific was also significant as we were able to conserve our cash reserves and negotiate a new royalty that will benefit both companies in the long term.

"The convertible note was well received and Atrum appreciated the support of the note holders."

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 more than 800km², and comprises 46 granted coal licenses and 40 coal license applications. Groundhog is prospective for high grade and ultra-high grade anthracite suitable for use in the manufacture of blast furnace steel, as well as electric arc furnaces, as a reductant, filter media, and feedstock for chemical production. The Company has devised plans for multiple mines for development in the Groundhog Coalfield, beginning with the Groundhog North Mining Complex, comprising multiple mining areas feeding a common coal handling and preparation facility.

During the Quarter, as disclosed to ASX in a revised announcement on 29 February 2016, "Revision – Atrum Receives Encouraging Yield Results" ("**Revised Announcement**"). Atrum received very encouraging anthracite quality results from drilling at Groundhog's Eastern Resource block. The Duke E seam, one of the primary target seams for the underground mines designed in the Groundhog North Mining Complex, returned yields averaging above 80%, producing a premium 10% ash ultra-high grade anthracite. The Company's previous economic analysis has been based on Duke E yields of 60% for the 10% ash product.

Hole ID	Seam	Depth (roof)	Thickness	Raw Ash	Yield (F1.80)	Product Ash (F1.80)
14-31	Duke E	186m	2.17m	17.4%	84%	9.1%
14-33	Duke E	109m	2.32m	20.7%	78%	10.0%
14-35	Duke E	78m	2.08m	17.0%	88%	9.6%

Table 1. Anthracite Quality from Eastern Mining Domain

The Duke E seam was one of two key targets that Atrum focused on during 2015 exploration activities, along with the Discovery B seam.

As stated in the Revised Announcement, an increase in yield for the Duke E seam could have a positive impact on the economics of the project, potentially reducing the ex-mine and FOB costs considerably. This will be taken into account in the current optimization of the pre-feasibility study

("PFS"). The Company is re-working the PFS to include underground mines in the Discovery B and Duke E horizons, and low-cost highwall options in the Discovery B seam. The improved float sink yields are being investigated, and the coal quality database divided into zones of geological influence, termed the Eastern Resource block, and the Western Resource block. The quality results have been sent to third party consultants to undertake washplant simulations to predict primary and secondary yields.

Expected results from the Duke E simulations have the potential to reduce the overall cost of production from the Duke E seam by 10-15%. Furthermore, the high-grade yields from Duke E are less than 150m deep, potentially reducing the capital cost of accessing the seam underground. In addition, favourable topography in specific areas is expected to reduce costs as suitable entries have been identified at depths of approximately 40m, significantly shallower than previously planned.

The feasibility work completed during and subsequent to the reporting period also evaluates options to take advantage of proximity to transportation and terminal infrastructure. This includes accessing existing rail infrastructure of CN, one of North America's Class 1 railways. The Company has evaluated the upgrading of CN's rail line to improve productivity and reduce costs, thus providing a more effective transportation option to access the underutilized bulk export terminal at Prince Rupert. The evaluation has also included the dedicated haul road corridor west to the port of Stewart. Half of this road is already in place via Highway 37. The Company would have to build an access road of up to 118km to access Highway 37. At 235 km total road distance to Stewart Port, this makes the Groundhog Project closer to port than any operating Canadian export coal mine. The Company is reviewing options to work with infrastructure funds that have access to attractive financing, to partner with Atrum in the development of infrastructure corridors.

Bulk Sample Permit

Atrum continues its discussions with the British Columbia Government and Aboriginal Groups regarding its bulk sample and related permits to extract samples of anthracite for potential customers to test, as well as to provide ground access to the project area. The Company has responded to all Government information requests, and a constructive dialogue has occurred, and continues, with Aboriginal Groups with an interest in the Groundhog project. The Company is optimistic that a favourable decision by Government on permitting should be received shortly.

Panorama and Groundhog North JV discussions

The Panorama Anthracite Project ("Panorama") is in the western part of the Groundhog project, comprising 14 granted coal leases and 16 coal lease applications over an area of approximately 27,970 hectares. No drilling has been conducted there and it is considered an area of interest only under JORC 2012 guidelines.

Atrum has engaged in detailed discussions on possible joint ventures within Panorama. Through these potential joint ventures, the Company's plan is to advance exploration at Panorama to assist in the development of the entire Groundhog region. Prior ground exploration in the region suggests the area is highly prospective for anthracite. These possible joint ventures, if completed, will

accelerate exploration in Panorama and enable Atrum to build upon historical exploration and begin quantifying the resource potential of this area.

Additionally, the Company is exploring the possible engagement with partners in the region to help accelerate the development of the Groundhog North Mining Complex. A number of parties have expressed interest in possible joint ventures through the purchase of an interest in Groundhog North. A data room has been established and the Company continues to update it with technical information. Several parties are active in the data room and others have expressed interest in reviewing the Company's material upon the granting of a Bulk Sample Permit.

Anglo Pacific promissory note

The balance of Atrum's promissory note, payable to Anglo Pacific Group PLC, valued at US$1.4 million (including principal and accrued interest), was settled by the way of US$0.6 million in cash along with the issue of a new royalty as follows:

- 0.5% of FOB port selling price royalty ("Royalty") over all production within Atrum's Groundhog Anthracite Project tenements for a period of 10 years from the date that Atrum commences commercial production on the project; and subsequently,
- 0.1% Royalty from production within the Groundhog North Mining Complex.

Any Royalties payable will not materially impact Atrum's revenue, financial performance, or Atrum's shareholders, because the Royalties will only be payable when Atrum commences commercial production on the project.

The Company was pleased to finalise the outstanding promissory note on Panorama which has allowed the Company to actively pursue joint venture arrangements on the tenures.

CORPORATE

Convertible Note

Atrum has entered into convertible notes for a total A$2,902,393 (each a "Convertible Note"). Convertible Note holders had the option to convert at $0.50 at any time or at a 10% discount to the 10-day VWAP of ATU shares, whichever is higher. On conversion, Convertible Note holders also receive an attaching $0.60 option. Convertible Notes attract a 10% coupon, paid quarterly. As at the date of this quarterly report, most Convertible Note holders have already converted their Notes. As a result of the conversions, Atrum issued 3,524,786 fully paid ordinary shares to the investors plus 3,524,786 options for fully paid ordinary shares with an exercise price of $0.60 each, with an exercise period from issue until 2 July 2018 (unless extended for each day of a trading halt or voluntary suspension).

The Convertible Notes also include a royalty component in respect of Atrum's Groundhog North Anthracite Project in British Columbia whereby each investor is entitled to A$2.00 per tonne of high

grade or ultra-high grade anthracite of the first 1,000,000 tonnes of production over and above threshold production of 100,000 tonnes; multiplied by that investor's proportion (expressed as a percentage) that their commitment under the relevant Convertible Note bears on the aggregate of all of the investors' commitments under the Convertible Notes.

As above, in the view of Atrum's Board, if Royalties are payable under Convertible Notes, there would not be a material impact on Atrum's revenue or financial performance, or on Atrum's shareholders, particularly because the royalties will only be payable when Atrum's Groundhog North Project goes into production (and produces above the threshold level described above).

Funding received takes the Company through the bulk sample permitting process and associated cost, and positions Atrum for meaningful discussions with joint venture partners for significant investment at the project level.

EGM Results

At an Extraordinary General Meeting of the Company held on 1 April 2016, two resolutions set out in the Notice of Meeting, proposing the removal of Non-Executive Directors Cameron Vorias and Steven Boulton, were defeated.

Litigation

The Company is engaged in ongoing litigation in the Federal Court of Australia involving two former directors and a former employee of the Company and in the Supreme Court of Western Australia Involving the two former directors. During the period, the Company was served a Notice of Civil Claim filed in the Supreme Court in British Columbia by a former contractor of the Company, for contested, unpaid contractor invoices.

In all of these actions, Atrum continues to vigorously defend and pursue its position in the best interests of the Company.

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JORC TABLE 1 –
SECTION 1 - SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• For the Atrum Coal 2013 and 2014 exploration programs, all coal seams intersected were sampled. Coal plies were sampled discretely on the basis of lithological characteristics and quality. All non-coal material and partings were included with the lower coal ply and noted in the lithological description. Non-coal interburden was sampled separately. • The immediate roof and floor samples were submitted for geotechnical testing. • All coal and roof and floor dilution samples were double bagged at site and marked with sample number, date, hole and project. These were retained on site until geophysical corrections confirmed representative core recovery of the seam and samples. The qualified samples were then transported to the laboratory via courier. • Coal quality samples from the Atrum Coal Drilling program were sent to Loring Laboratories and ALS Laboratories in Calgary and Vancouver, respectively. • All coal quality samples were prepared and analysed using Canadian and International Standard testing methodologies
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The majority of holes are vertical but some inclined holes were drilled in 2013 and 2014. • All coal quality holes were cored (partially or fully) using a HQ size core barrel producing a 63.3 mm core diameter. • Large diameter drill holes for bulk material extraction were cored in 2013 using a PQ size core barrel producing an 83.1 mm core diameter.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and quality and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• An assessment of core recovery was completed by comparing the recovered thickness measured during geological logging and by the driller, to geophysical picked thicknesses from the geophysical logs. • Core recoveries were typically greater than 90% in both the HQ and PQ holes. Only recoveries >80% were used for resource estimation. • Volumetric analysis of samples was conducted on the Atrum Coal exploration program. • The analysis was based on sample mass received versus expected sample mass derived from sample

Criteria	JORC Code explanation	Commentary
		length by core diameter by apparent Relative Density. • If sample mass was below 95% a separate exercise interrogating the linear recovery via photos and logs was undertaken to decide whether the sample could be included and not bias the results.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Coal Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All core was geologically logged, marked and photographed before sampling. Geological and geotechnical features were identified and logged. • All 2012, 2013 and 2014 drill holes have been geophysical logged with a minimum density, calliper, gamma and verticality unless operational difficulties prevented full or partial logging of the drill hole. • The calibration of the geophysical tools was conducted by the geophysical logging company. Century Wireline Services. • Acoustic scanner logging to detect joints, cleats and borehole breakout has also been run supplemented with sonic velocity for strength estimation.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All core samples were double bagged on site and transported to the Laboratory for testing. • Loring Laboratories, ALS Laboratories and Birtley Coal & Minerals Testing comply with Canadian and International Standards for sample preparation and sub sampling. • Large wash samples were pre-treated and dry sized and various sizes before sample splitting and analysis. Proximate analysis was completed on a portion of the original sample. • Raw analysis procedure keeps ½ of the sample as reserve. • The in-situ relative density for resource estimation was estimated using the methods of Preston and Sanders (1993) and Fletcher and Sanders (2003). • Slake durability and UCS/Modulus/Poisson Ratio geotechnical tests were carried out at Golders laboratory in Burnaby, British Columbia on samples from the 2013 program.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Loring Laboratories, ALS Laboratories and Birtley Coal & Minerals Testing comply with the Canadian and International Standards for coal quality testing and as such conduct the verifications for coal quality analysis outlined in the standards. • Coal quality results were verified before inclusion into the geological model and resource estimate. • No adjustments have been made to the coal quality data.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Loring Laboratories, ALS Laboratories and Birtley Coal & Minerals Testing comply with the Canadian and International Standards for coal quality testing and as such conduct the verifications for coal quality analysis outlined in the standards. • Coal Quality results were verified by A&B Mylec Pty Ltd before inclusion into the geological model and resource estimate. • No adjustments have been made to the Coal quality data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other*	• Professional Survey of the coal quality boreholes for the Atrum Coal exploration program was completed by DMT Geosciences.

Criteria	JORC Code explanation	Commentary
	locations used in Coal Resource estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The 2013 and 2014 drill holes were surveyed using GPS to <60 cm accuracy. • The collar levels were also audited against the high LIDAR generated topographic surface contours.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and quality continuity appropriate for the Coal Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data spacing sufficient to establish the degree of geological and quality continuity for inclusion as Indicated and Inferred Resource estimation procedures were employed. • Multiple samples were obtained for some seams within the Groundhog North mining complex. As such, where appropriate, sample compositing has been completed. Samples were weighted against sample thickness and in situ RD.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• A combination of vertical and inclined drill holes were completed during 2013 and 2014 from the same drill pad to ensure that a suitable understanding of the geological structure and orientation of the geology was captured.
Sample security	• *The measures taken to ensure sample security.*	• Sample security was ensured under a chain of custody between Atrum Coal personnel on site and the coal testing laboratories (Loring, ALS and Birtley).
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Sampling was undertaken by Atrum Coal personnel. Loring, ALS and Birtley undertook internal audits and checks in line with the Canadian and International standards. • The geological and coal quality database has been reviewed by Gordon Geotechniques Pty Ltd.

SECTION 2 - REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Coal tenures relate to the Groundhog Anthracite project, which is 100% owned by Atrum Coal • The project consists of 18 granted coal licences and 8 coal licence applications totalling 22,815 hectares • Security of tenure is not compromised and there is no known impediments
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration drilling within and in close proximity to the Groundhog project has been reviewed and evaluated for data purposes
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Groundhog North mining complex lies within the Bowser Basin, which is the largest contiguous basin in the Canadian Cordillera, developed as a result of tectonic compression and uplift of the Coast Mountains during the Upper Jurassic. • The dominant structural feature is the NW/SE trending Biernes Synclinorium. It resulted from northeast-southwest compression • During the first phase of deformation ("F1"). Thrusting related to the F1 deformation is more intense in the southern part of the Groundhog Coalfield than in the northern part. • The second, less intense, phase of deformation ("F2") resulted from NW/SE compression. The F2 deformation is superimposed on the broad, open type of F1 folding. The F2 imprint is visible in a series of plunge changes in the F1 folds in the order of up to 5°. • F2 thrusts are generally flat lying and related to the hanging wall of drag folds. Displacement tends to be along bedding surfaces. The F2 fold structures superimposed on the major F1 synclinorium vary in wave length from 100 m to 700 m and vary in amplitude up to 100 m.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All drill holes have been modelled from vertical, although hole deviation (from vertical) has been recorded for all drill holes.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum quality truncations (eg cutting of high grades) and cut-off qualities are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high quality results and longer lengths of low quality results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• All seams where multiple coal quality samples were taken were given a composite coal quality value. This composite value was generated within the Minescape software and was weighted on thickness and in situ RD. In situ RD was only weighted against thickness.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The inclusion of boreholes from neighbouring areas has given the model a reasonable amount of lateral continuity in all directions. • Point of observation spacing has been extrapolated in a maximum of a 2,000 m radius from the drill hole. • Seam thicknesses have been corrected to geophysics to ensure accuracy
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• All appropriate diagrams are contained within the main body of the report
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high qualities and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All available exploration data for the Groundhog Project area have been collated and reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No further exploration data were gathered and or utilised.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work consisting of additional drilling and seismic survey is being evaluated. The Company is currently planning an additional drilling program aimed at testing the continuity of the coal resources in the eastern part of the Groundhog North Mining Complex.

SECTION 3 - ESTIMATION AND REPORTING OF COAL RESOURCES

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Coal Resource estimation purposes.* • *Data validation procedures used.*	• The resource estimates which form part of this report were based on drilling, trenching, and adit data collected, both recent and historical, mainly in the period from 1970 to 2014 by companies then active in the area now forming the Property, including Atrum Coal NL. Gordon Geotechniques completed a 100% validation of available current and historic work and created an independent database. The authors have reviewed the data for consistency and eliminated data that could not be constrained or confirmed in reports or government databases. The authors have concluded that work completed by the coal production and exploration companies was completed in a professional manner that was consistent with the data collection and reporting standards at that time. • The historical reports used for this compilation included historic reserve and resource estimates that no longer meet NI 43-101 criteria. • Current geological information utilised in the resource estimate include drilling and geophysical analysis as well as coal quality testing undertaken by Atrum Coal NL during the 2012, 2013 and 2014 exploration programs.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Gordon Geotechniques carried out two site visits to the Groundhog North mining complex in 2014. • Several reviews were conducted of the field procedures and sampling practices, and they were deemed to be of an acceptable industry standard at the time of the visits.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Coal Resource estimation.* • *The use of geology in guiding and controlling Coal Resource estimation.* • *The factors affecting continuity both of quality and geology.*	• The coal seams were interpreted using a combination of lithology, geophysical logs and quality distribution. • Some bullseyes in the data may be associated with structural complexity which can only be resolved with closer spaced drilling.
Dimensions	• ***The extent and variability of the Coal Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Coal Resource.***	• For the area in the Groundhog North mining complex east of the Skeena River a reportable JORC resource has been determined for the points of observation with thickness data. It is assumed that the trends in the coal quality data continue to the eastern side of the Skeena River where only limited coal quality information is available • For the estimate of the coal resource in this eastern area, the following constraints have been used: o 200m offset from the Skeena River. o Measured resource extrapolated 500m from points of observation. o Indicated resource extrapolated 1,000m from points of observation. o Inferred resource extrapolated 2,000m from points of observation. o A maximum of 0.3m stone parting. o A minimum 0.4m mining thickness for open cut mining at <100m depth. o A minimum 1m mining thickness for underground mining at >100m depth.

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme quality values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Coal Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-quality variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using quality cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Import data into the Minesight mining software package. • Create fault surface triangulations using surface and subsurface fault traces as well as fault/drillhole intersections. • Correlate drill holes, trenches, adits and surface exposures on or directly adjacent to the Groundhog North mining complex. • Create final fault blocks by applying a Boolean Test to a blank fault block solid using the fault surface triangulations. • Grid the topography and base of weathering triangulation surfaces. • Create seam grids and triangulations in Model Stratigraphy using the FixDHD Mapfiles, topography grid, and base of weathering grid. Seam grids were cropped against the base of weathering grid to remove oxidized coal. • Create HARP (Horizon Adaptive Rectangular Prism) block models for each sub area using the parting and thickness grids as qualities. Blocks were 25 m x 25 m with a sub-blocking of 2 (x and y directions). • Create coal/parting fraction attributes for each seam in the HARP and populate it using the quality grids (coal thickness/aggregate seam thickness). • Classify block confidence using the distance of the block centroid to the nearest data point • Determine the cumulative stripping ratio for each block of coal within the model (total volume of waste/total tonnage of product). • Constrain resource estimation by the current expanded lease boundaries. • Constrain resource estimation to seam thickness greater than 0.4 m (open cut) or 1m (underground). • Volumes of the resource polygons determined were calculated using the SURFER13 software.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• The tonnages are reported on an As Received Basis with natural moisture included. The moisture content is determined from the results of Proximate Analysis laboratory testing using the formulae of Fletcher and Sanders (2003).
Cut-off parameters	• *The basis of the adopted cut-off quality(s) or quality parameters applied.*	• The cut-off parameters included: • Tenement boundaries. o 200 m offset from the Skeena River. o For open cut mining at depths <100 m, a 0.4 m minimum mining thickness. o For underground mining at depths >100 m, a minimum mining thickness of 1 m. o For both open cut and underground mining a maximum 0.3 m stone parting thickness.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Coal Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining*	• Atrum is currently undertaking engineering studies and mine planning analysis. Extraction methods being considered include miniwall/continuous miner underground extraction, open cut mining and highwall mining.

Criteria	JORC Code explanation	Commentary
	assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Coal Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Independent quality analysis had been completed for each of the resource areas. Sampling programs included HQ diameter core samples, adit channel samples, and adit bulk samples. Analytical and petrographic analyses were completed at A.S.T.M certified labs. Core intervals containing coal were sampled using project-defined procedures, processed as raw and clean core samples, and analysed..
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Additional work is required to be undertaken by Atrum.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• A constant bulk density value was assumed across the property and was determined from the coal rank and average ash contents as defined in GSC 88-21. A bulk density of 1.65 g/cm3 was used. • This in-situ relative density was estimated using the methods of Preston and Sanders (1993) and Fletcher and Sanders (2003).
Classification	• *The basis for the classification of the Coal Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/quality estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource estimate has been compiled according to the JORC 2012 guidelines applicable at the time and relevant to the Groundhog Project. • The resource estimate has been categorised according to JORC Measured, Indicated and Inferred.
Audits or reviews	• *The results of any audits or reviews of Coal Resource estimates.*	• An internal Company review of the Resource and the associated Technical Reports was undertaken prior to the public release of this information.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Coal Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of*	• The categories of the resource in accordance with the JORC 2012 guidelines were considered acceptable by the Qualified Person during the classification of the resources.

Criteria	JORC Code explanation	Commentary
	the estimate. • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	

Drillhole information used in modelling:

Drill Hole ID	Date Started	Date Completed	Northing	Easting	Elevation	Total Depth	Dip	Azimuth	Inclination	Casing Depth
DHGH12-01	18/09/2012	21/09/2012	6302631.1	544429.6	1005.4	402.34	-90	0	V	10.54
DHGH12-02	22/09/2012	24/09/2012	6300633.4	545929.9	900.0	288.65	-90	0	V	10.36
DHGH12-03	23/09/2012	24/09/2012	6302449.2	544019.9	1054.9	282.55	-90	0	V	11.27
DHGH12-04	25/09/2012	27/09/2012	6309707.3	539352.7	1062.8	309.68	-90	0	V	6.09
DHGH12-05	25/09/2012	28/09/2012	6307374.9	540607.6	1154.0	333.76	-90	0	V	6.09
DHGH12-06	28/09/2012	30/09/2012	6309331.0	538983.6	1097.2	316.15	-90	0	V	3.04
DHGH12-07	29/09/2012	30/09/2012	6307678.5	541125.8	1109.9	288.65	-90	0	V	4.57
DHGH12-08	30/09/2012	2/10/2012	6309698.5	538166.6	1098.1	306.63	-90	0	V	5.18
DHGH12-09	1/10/2012	5/10/2012	6306293.7	541271.0	1178.4	398.07	-90	0	V	6.09
DHGH12-10	3/10/2012	5/10/2012	6310235.2	538480.1	1052.4	309.68	-90	0	V	5.79
DHGH12-11	4/10/2012	8/10/2012	6298679.5	547676.8	984.5	423.67	-90	0	V	9.14
DHGH12-12	6/10/2012	8/10/2012	6306912.2	541850.4	1091.2	306.32	-90	0	V	8.83
DHGH12-13	9/10/2012	10/10/2012	6298105.1	549550.0	1135.2	300	-90	0	V	6.09
DHGH12-14	9/10/2012	13/10/2012	6306432.8	546094.5	1197.3	395.33	-90	0	V	9.14
DHGH12-15	13/10/2012	14/10/2012	6299380.4	547444.5	915.0	340.46	-90	0	V	4.57
DHGH13-01	24/06/2013	27/06/2013	6311000.0	537600.1	1026.3	391.88	-90	0	V	3.87
DHGH13-02	24/06/2013	26/06/2013	6308159.2	541054.3	1074.1	189.07	-90	0	V	3.77
DHGH13-03	27/06/2013	29/06/2013	6307944.8	541493.1	1037.9	236.62	-90	0	V	4.88
DHGH13-04	28/06/2013	30/06/2013	6310630.0	538528.6	1017.6	333.87	-90	0	V	3.16
DHGH13-05	29/06/2013	29/06/2013	6307949.6	541497.3	1036.7	64.78	-60	53	I	4.12
DHGH13-06	30/06/2013	3/07/2013	6307322.0	541552.6	1087.8	380.6	-90	0	V	1.6
DHGH13-07	30/06/2013	4/07/2013	6309200.8	540118.5	1061.0	470.65	-90	0	V	6.37
DHGH13-08	3/07/2013	4/07/2013	6307324.8	541553.4	1087.2	89.93	-59.6	251.3	I	5
DHGH13-09	4/07/2013	6/07/2013	6306792.8	541376.5	1135.5	248.74	-90	0	V	6.68
DHGH13-10	4/07/2013	5/07/2013	6309200.0	540115.2	1061.3	59.74	-60.4	244	I	5.73
DHGH13-11	5/07/2013	8/07/2013	6308631.2	539625.8	1108.7	355.34	-90	0	V	n/a
DHGH13-12	6/07/2013	7/07/2013	6307252.8	542188.9	1015.8	101.86	-90	0	V	2.8
DHGH13-13	7/07/2013	8/07/2013	6306930.0	542571.0	974.5	64.62	-90	0	V	1.22
DHGH13-14	8/07/2013	9/07/2013	6306933.0	542573.0	973.1	58.67	-60.3	249.9	I	4.42
DHGH13-15	9/07/2013	10/07/2013	6308475.2	540681.1	1074.7	84.84	-90	0	V	4.07
DHGH13-16	9/07/2013	10/07/2013	6308635.2	539627.8	1108.8	81.56	-49.2	245.9	I	1.32
DHGH13-17	10/07/2013	10/07/2013	6308478.6	540683.1	1074.3	77.52	-50.5	243.9		4.8
DHGH13-18	10/07/2013	14/07/2013	6308128.0	538906.1	1199.0	439.84	-90	0	V	3.82
DHGH13-19	11/07/2013	11/07/2013	6308651.6	540859.0	1049.6	68.94	-90	0	V	4.75
DHGH13-20	11/07/2013	12/07/2013	6308655.8	540856.2	1049.7	98.47	-49.1	256.9	I	3.07
DHGH13-21	12/07/2013	13/07/2013	6308341.6	540468.6	1085.4	139	-90	0	V	6.9
DHGH13-22	13/07/2013	14/07/2013	6308015.2	540878.6	1095.0	124.06	-90	0	V	3.2
DHGH13-23	14/07/2013	15/07/2013	6308016.0	540878.0	1094.8	56.39	-71	245.8	I	2.75
DHGH13-24	14/07/2013	15/07/2013	6308128.0	538906.1	1199.0	56.14	-59.9	333.7	I	2.8
DHGH13-25	15/07/2013	16/07/2013	6307823.6	541315.5	1078.3	67.06	-90	0	V	3.75
DHGH13-26	15/07/2013	16/07/2013	6310167.2	537993.4	1062.2	102.12	-90	0	V	2.75
DHGH13-27	16/07/2013	17/07/2013	6307452.8	541701.1	1059.9	88	-90	0	V	1.77
DHGH13-28	17/07/2013	18/07/2013	6309840.0	538801.2	1076.3	65.29	-90	0	V	1.26
DHGH13-29	17/07/2013	19/07/2013	6307104.8	542014.9	1052.2	115.97	-90	0	V	2.9
DHGH13-30	18/07/2013	18/07/2013	6309844.0	538801.2	1076.2	14.33	-80	230	I	1.52
DHGH13-31	18/07/2013	19/07/2013	6310379.6	539023.1	1037.1	56.9	-90	0	V	1.42
DHGH13-32	19/07/2013	20/07/2013	6306760.0	542389.5	1036.5	103.83	-90	0	V	4.77
DHGH13-33	19/07/2013	20/07/2013	6310110.4	539762.3	1030.4	68.89	-90	0	V	2.75
DHGH13-34	21/07/2013	22/07/2013	6306573.6	542224.9	1068.8	136.91	-90	0	V	4.32
DHGH13-35	22/07/2013	23/07/2013	6306573.6	542224.9	1068.8	55.1	-69.4	237.2	I	4.47
DHGH13-36	23/07/2013	24/07/2013	6307238.4	541335.5	1111.3	83.29	-90	0	V	1.8
DHGH13-37	20/08/2013	22/08/2013	6306092.4	542096.6	1114.9	166.43	-90	0	V	4.27
DHGH13-38	23/08/2013	26/08/2013	6306344.4	540778.5	1211.4	218.15	-90	0	V	5.4
DHGH13-39	26/08/2013	30/08/2013	6307183.2	540138.8	1175.1	323.89	-90	0	V	4.86
DHGH13-40	30/08/2013	2/09/2013	6307948.0	539791.2	1114.5	208.48	-90	0	V	7.87
DHGH13-41	2/09/2013	6/09/2013	6308896.8	538727.6	1139.6	272.66	-90	0	V	n/a
DHGH13-42	7/09/2013	8/09/2013	6309775.2	537630.3	1102.5	78.33	-90	0	V	3.05
DHGH13-43	8/09/2013	9/09/2013	6310415.6	537560.5	1046.5	56.58	-90	0	V	4.65
PQ13-31-1	19/08/2013	19/08/2013	6310375.6	539022.1	1037.1	21.5	-90	0	V	0.8
PQ13-31-2	20/08/2013	21/08/2013	6310375.6	539022.1	1037.1	18	-82	220	I	n/a
PQ13-31-3	21/08/2013	22/08/2013	6310375.6	539022.1	1037.1	18	-90	0	V	n/a
PQ13-31-4	22/08/2013	22/08/2013	6310375.6	539022.1	1037.1	18	-90	0	V	n/a

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Drill Hole ID	Date Started	Date Completed	Northing	Easting	Elevation	Total Depth	Dip	Azimuth	Inclination	Casing Depth
PQ13-26-1	23/08/2013	24/08/2013	6310169.2	537995.4	1061.9	62	-90	0	V	n/a
PQ13-26-2	25/08/2013	26/08/2013	6310169.2	537995.4	1061.9	66.5	-81	128.8	I	4
PQ13-26-3	27/08/2013	29/08/2013	6310169.2	537995.4	1061.9	69	-90	0	V	n/a
PQ13-26-4	29/08/2013	30/08/2013	6310169.2	537995.4	1061.9	63.5	-82	220	I	n/a
PQ13-26-5	31/08/2013	1/09/2013	6310169.2	537995.4	1061.9	38	-90	0	V	n/a
PQ13-13-1	2/09/2013	2/09/2013	6306933.0	542574.0	972.8	42.5	-90	0	V	n/a
PQ13-13-2	2/09/2013	3/09/2013	6306933.0	542574.0	972.8	44	-82	220	I	n/a
PQ13-13-3	4/09/2013	5/09/2013	6306933.0	542574.0	972.8	43.5	-88	234.4	I	n/a
PQ13-13-4	6/09/2013	8/09/2013	6306933.0	542574.0	972.8	45	-90	0	V	n/a
PQ13-08-1	8/09/2013	10/09/2013	6307327.8	541555.4	1086.5	46.5	-90	0	V	n/a
PQ13-08-2	10/09/2013	11/09/2013	6307327.8	541555.4	1086.5	40.5	-85	220	I	n/a
PQ13-19-1	13/09/2013	14/09/2013	6308658.8	540853.2	1049.9	65.81	-90	0	V	4.1
PQ13-19-2	14/09/2013	15/09/2013	6308658.8	540853.2	1049.9	64.5	-82	220	I	n/a
PQ12-01-1	15/09/2013	15/09/2013	6302631.1	544429.6	1005.4	30	-90	0	V	n/a
PQ12-01-2	15/09/2013	16/09/2013	6302631.1	544429.6	1005.4	27	-82	220	I	n/a
PQ12-01-3	16/09/2013	16/09/2013	6302631.1	544429.6	1005.4	27	-90	0	V	n/a
PQ12-01-4	16/09/2013	17/09/2013	6302631.1	544429.6	1005.4	30	-85	220	I	n/a
DHGH-14-01A	3/04/2014	4/04/2014	6307993.4	541374.4	1046.1	51.21	-90	0	V	6.1
DHGH-14-01-B	4/04/2014	6/04/2014	6307993.4	541374.4	1046.1	101.5	-90	0	V	6.1
DHGH-14-02	7/04/2014	9/04/2014	6308029.7	541411.8	1042.0	110.64	-90	0	V	7.1
DHGH-14-03	9/04/2014	10/04/2014	6308065.4	541448.1	1032.9	104.54	-90	0	V	7.62
DHGH-14-04	11/04/2014	13/04/2014	6308107.1	541483.2	1021.1	109.73	-90	0	V	12.19
DHGH-14-05	13/04/2014	16/04/2014	6308134.1	541237.1	1059.7	120.6	-90	0	V	3.05
DHGH-14-06	16/04/2014	18/04/2014	6307961.4	541344.4	1052.2	116.18	-90	0	V	13.72
DHGH-14-07	3/06/2014	7/06/2014	6307924.5	541306.5	1068.7	289.25	-90	0	V	6.7
DHGH-14-08	3/06/2014	5/06/2014	6307887.5	541272.3	1075.1	108.9	-90	0	V	7.32
DHGH-14-09	5/06/2014	8/06/2014	6307777.9	541175.7	1092.0	289.25	-90	0	V	10.36
DHGH-14-10	7/06/2014	10/06/2014	6307815.7	541208.7	1087.7	286.21	-90	0	V	3.65
DHGH-14-11	9/06/2014	12/06/2014	6307704.1	541096.1	1106.1	270.96	-90	0	V	8.23
DHGH-14-12	11/06/2014	13/06/2014	6307740.3	541133.8	1098.9	164.29	-90	0	V	3.05
DHGH-14-13	13/06/2014	18/06/2014	6308074.8	541461.9	1029.5	374.6	-90	0	V	22.55
DHGH-14-14	13/06/2014	15/06/2014	6307939.0	541323.6	1063.0	152.09	-90	0	V	4.57
DHGH-14-15	16/06/2014	17/06/2014	6307939.0	541323.6	1063.0	51.21	-65.5	240.2	I	3.05
DHGH-14-16	17/06/2014	20/06/2014	6307903.9	541400.0	1055.8	224.94	-90	0	V	16.25
DHGH-14-17	18/06/2014	19/06/2014	6308074.8	541461.9	1029.5	51.21	-65	214	I	15.24
DHGH-14-18	21/06/2014	22/06/2014	6308049.4	541429.6	1037.5	103.63	-90	0	V	9.14
DHGH-14-19	22/06/2014	26/06/2014	6307871.1	541367.8	1062.2	295.05	-90	0	V	3.05
DHGH-14-20	22/06/2014	24/06/2014	6308049.4	541429.6	1037.5	51.21	-66	228.8	I	10.37
DHGH-14-21	24/06/2014	25/06/2014	6308008.1	541380.0	1045.1	109.42	-90	0	V	4.38
DHGH-14-22	25/06/2014	25/06/2014	6308008.1	541380.0	1045.1	60.66	-66.1	243	I	4.5
DHGH-14-23	26/06/2014	27/06/2014	6307968.3	541359.5	1048.7	126.19	-90	0	V	3.05
DHGH-14-24	27/06/2014	28/06/2014	6307833.2	541244.8	1083.3	127.02	-90	0	V	4.57
DHGH-14-25	28/06/2014	29/06/2014	6307968.3	541359.5	1048.7	81.88	-72.15	239.1	I	3.05
DHGH-14-26	14/07/2014	19/07/2014	6307852.5	541091.7	1095.3	304.5	-90	0	V	4.78
DHGH-14-27	14/07/2014	20/07/2014	6313346.6	537509.5	1123.8	392.89	-90	0	V	9.14
DHGH-14-28	19/07/2014	23/07/2014	6307994.9	541096.2	1079.3	326.82	-90	0	V	2.79
DHGH-14-29	21/07/2014	25/07/2014	6312530.3	538651.8	1124.3	377.63	-90	0	V	18.29
DHGH-14-30	23/07/2014	27/07/2014	6307988.8	541237.1	1068.7	289.24	-90	0	V	9.14
DHGH-14-31	25/07/2014	30/07/2014	6311706.6	540287.7	1134.9	353.12	-90	0	V	19.81
DHGH-14-32	27/07/2014	1/08/2014	6307854.3	540954.9	1102.8	359.63	-90	0	V	8.22
DHGH-14-33	30/07/2014	4/08/2014	6310405.7	541216.2	1065.3	358.58	-90	0	V	12.19
DHGH-14-34	1/08/2014	5/08/2014	6307639.1	541309.8	1091.1	283.16	-90	0	V	11.27
DHGH-14-35	4/08/2014	9/08/2014	6308626.9	542357.3	1033.3	322.57	-90	0	V	7.62
DHGH-14-36	5/08/2014	10/08/2014	6307779.4	541444.4	1063.8	221.89	-90	0	V	24.38
DHGH-14-37	9/08/2014	15/08/2014	6307780.3	543794.9	1079.0	350.21	-90	0	V	25.91
DHGH-14-38	10/08/2014	15/08/2014	6307814.0	541550.7	1041.2	286.51	-90	0	V	21.94
DHGH-14-39	16/08/2014	22/08/2014	6297736.1	546347.2	989.8	368.5	-90	0	V	34.13
DHGH-14-40	23/08/2014	27/08/2014	6307783.9	541023.1	1109.2	304.49	-90	0	V	8.23
DHGH-14-41	27/08/2014	30/08/2014	6309696.8	539350.5	1063.6	310.29	-90	0	V	6.1
MW14-06	12/10/2014	13/10/2014	6310246.7	539900.6	1005.5	54	-90	0	V	
MW14-05D	30/09/2014	5/10/2014	6309313.9	539012.5	1099.5	144	-90	0	V	
MW14-05S	8/10/2014	10/10/2014	6309325.8	538993.2	1097.9	100.9	-90	0	V	
MW14-04D	21/09/2014	24/09/2014	6308874.9	538724.2	1142.1	102.7	-90	0	V	
MW14-04S	27/09/2014	28/09/2014	6308890.0	538740.3	1140.0	76.5	-90	0	V	

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Key Projects

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

Drill Hole ID	Date Started	Date Completed	Northing	Easting	Elevation	Total Depth	Dip	Azimuth	Inclination	Casing Depth
MW14-02D	8/09/2014	10/09/2014	6308338.9	541776.4	986.9	31.7	-90	0	V	
MW14-01D	29/08/2014	3/09/2014	6308144.6	541243.6	1058.2	137.8	-90	0	V	
MW14-01S	6/09/2014	6/09/2014	6308151.3	541224.7	1057.9	58.5	-90	0	V	
MW14-03D	12/09/2014	16/09/2014	6307381.2	540589.8	1155.0	150.9	-90	0	V	
MW14-03S	17/09/2014	19/09/2014	6307389.8	540597.8	1154.7	96.9	-90	0	V	
DDH-70-01			6311435.0	537293.0	1020.0	178.31	-60	216	V	
DDH-70-02			6301754.0	542129.0	1280.0	172.82	-90	0	V	
DDH-70-03			6302324.0	543178.0	1141.3	179.22	-90	0	V	
DDH-70-04			6300819.0	543226.0	1120.0	153.92	-90	0	V	
DDH-70-05			6303775.0	547563.0	1141.5	176.78	-62	251	V	
DDH-70-06			6301120.0	545280.0	925.0	168.25	-90	0	V	
DDH-81-01			6302975.0	547783.0	1055.0	216.4	-90	0	V	
DDH-81-02			6302205.0	545393.0	929.4	148.56	-90	0	V	
DDH-81-03			6303738.0	543764.0	996.3	154.52	-90	0	V	
DDH-81-04			6306885.0	543733.0	1006.1	204.77	-90	0	V	
DDH-81-05			6308855.0	541453.0	986.4	159.4	-90	0	V	
DDH-81-06			6308295.0	540223.0	1081.4	133.19	-90	0		
WH-08-01			6303243.9	544151.0	992.6	224.65	-90	0	V	
WH-08-02			6302761.9	544821.2	965.4	258.7	-90	0	V	
WH-08-03			6302160.0	545276.9	932.1	215.2	-90	0	V	
WH-08-04			6302440.0	544039.0	1054.8	273.4	-90	0	V	
WH-08-05			6302027.1	544509.8	1000.2	303.88	-90	0	V	
WH-08-06			6301332.0	543601.0	1096.4	121.3	-90	0	V	
WH-08-07			6301160.0	544328.0	1007.0	215.18	-90	0	V	
WH-08-08			6301322.0	543551.0	1102.0	221.89	-90	0	V	
WH-08-09			6301736.0	544111.0	1051.9	279.8	-90	0	V	
WH-08-10			6302826.7	543371.3	1108.4	188.55	-90	0	V	
WH-08-11			6304038.0	543316.0	1050.4	279.81	-90	0	V	

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	Quarter ended ("current quarter")
153 876 861	31 March 2016

Consolidated statement of cash flows

	Cash flows related to operating activities	Current Quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(238)	(1,587)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(2,296)	(5,438)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	4	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other - (GST paid/received)	-	-
	Other – Spin out costs	-	-
	Net Operating Cash Flows	(2,530)	(7,016)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(21)
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	-	(21)
1.13	Total operating and investing cash flows (carried forward)	(2,530)	(7,037)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,350)	(7,037)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	6,935
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,360	3,294
1.17	Repayment of borrowings	(756)	(1,914)
1.18	Dividends paid	-	-
1.19	Other (Convertible note subscription)	-	-
	Other (capital raising costs)	-	(512)
	Other (Forward contract losses)	-	(142)
	Net financing cash flows	604	7,661
	Net increase (decrease) in cash held	(1,926)	624
1.20	Cash at beginning of quarter/year to date	2,673	253
1.21	Exchange rate adjustments to item 1.20	(24)	(154)
1.22	**Cash at end of quarter ***	723	723

***Any fractional differences are due to rounding**

Notes:

1. *Application is being processed for all exploration-related activities conducted from 1 July 2014 through to 31 December 2014. This additional METC claim is for approximately C$3.2 million.*
2. *Convertible Notes for A$1,360,000 issued.*

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	122
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 quarter.

Item 1.2 (a) The exploration and evaluation expenditure relates to previous and recent exploration expenditure for the Groundhog Anthracite Project, including coal quality analysis and environmental monitoring and baseline testing , the costs of which have been included in Item 1.2 (a).

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	3,860	2,908
3.2	Credit standby arrangements	-	-

Notes:

1. On 30 September 2013, the Company entered into a variation to the Offset Loan Agreement in place with Lenark Pty Ltd. Pursuant to the variation that was executed, Lenark Pty Ltd increased the credit available pursuant to the Offset Loan Agreement by an additional $2 million.

   The original Facility Limit of $2,681,927 was repaid by way of the conversion of partly paid shares to fully paid shares. The subsequent $2 million has been drawn down by the Company as noted in previous quarterly reports and a $500,000 increase was agreed between the Company and the Lender during H1 2015. On 24 August 2015, $1,079,383 of the outstanding loan was converted into 2,158,766 ordinary fully paid shares in order to take up the Lenark entitlement. As at 31 December 2015, the outstanding loan was $1,509,234 with the available balance under the facility limit being $954,000. The Board considers that the terms of the facility with Lenark Pty Ltd are arms-length.

   On 27 January 2016, Lenark Pty Ltd offered further funding support, if required, subject to cash calls and approvals.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	247
4.2	Development	-
4.3	Production	-
4.4	Administration (including spin out costs)	837
	Total	**1,084**

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	595	2,545
5.2	Deposits at call	128	128
5.3	Bank overdraft		-
5.4	Other (provide details)		-
	Total: cash at end of quarter (item 1.22)	723	2,673

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	Nil			

+ 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**	186,952,960	186,952,960	Fully Paid	Fully Paid
		2,761,600	-	Partly Paid - $0.20	$0.00008 per share
7.4	Changes during quarter (a) Increases through issues	350,000	350,000	Fully Paid	Fully Paid
	(b) Decreases through returns of capital, buy-backs				
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)*			*Exercise price*	*Expiry date*
		4,300,000	-	$0.30	01/07/2016
		100,000	-	$1.40	14/03/2017
		8,005,210	-	$0.80	25/08/2017
		3,150,000	-	$0.80	07/09/2017
7.8	Issued during quarter	1,000,000	-	$0.80	07/09/2017
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Performance Rights**	2,660,000	Nil		
7.12	Issued during quarter	Nil	Nil		
7.13	Exercised during quarter	Nil	Nil		
7.14	Expired during quarter	Nil	Nil		
7.15	**Debentures** *(totals only)*	-	-		
7.16	**Unsecured notes** *(totals only)*	-	-		

+ See chapter 19 for defined terms.

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: Date: 29 April 2016

(Company Secretary)

Print name: Theo Renard

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.

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+ See chapter 19 for defined terms.