

LITIGATION SETTLEMENT DETAILS

HIGHLIGHTS

- Atrum settles Western Australia Supreme Court and Federal Court proceedings.
- Atrum and BC Anthracite to negotiate cooperation agreement for the joint development of infrastructure in the Groundhog region.
- BC Anthracite grants royalty over 31 of its tenements to Atrum.
- Atrum secures additional 5 tenements to add to Groundhog East area.

Atrum Coal NL (“**Atrum**” or the “**Company**”) (ASX: **ATU**) is pleased to provide an update on the Western Australia Supreme Court proceedings (CIV 1866 of 2015) and the Federal Court of Australia proceedings (NSD1334 of 2015) involving former directors Mr Moran and Mr D’Anna. An agreed no-liability settlement has been reached in both proceedings, which will be dismissed by consent.

Bob Bell, Executive Chairman of Atrum commented: *“We are pleased to announce that all litigation with the former founders and BC Anthracite has ceased, and we can now focus our attention on developing the Groundhog region. The companies have agreed to work together to explore infrastructure options in the region, with the view to develop access to tidewater for the BC Anthracite and Atrum properties in Groundhog. It’s good to place this issue behind us so that Atrum can continue with developing our Phase 1 mine. Interest in the Company’s anthracite is strong and we continue to field requests for supply as soon as possible.”*

Russell Moran, Executive Chairman of BC Anthracite NL commented: *“The Groundhog Coalfield represents a once in a lifetime opportunity. We are pleased to have reached an agreement with Atrum on how best to work together to maximise value and opportunity for all stakeholders. We look forward to seeing Bob Bell take a vision that has been the hard work of many over the past 5 years and turn it into the world class operation it is destined to be. On a personal note, Mr D’Anna*



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Company Secretary

R. Bell
J. Chisholm
S. Boulton
C. Vorias
J. Wasik
T. Renard

Key Projects
Groundhog
Naskeena
Bowron River

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

and I would like to thank all shareholders for their continued support for the Company during a tough time and we look forward to sharing in what we believe will ultimately be a tremendous success."

The Company has signed a Confidential Settlement Deed covering both proceedings, on the basis that the parties pay their own costs in relation to the litigation, apart from a payment to Ms Stevenson.

Key to the settlement is an arrangement whereby Mr Moran and Mr D'Anna have agreed to support the Company in creating a stable register, including certain restrictions on the sale of Atrum shares held by Mr Moran and Mr D'Anna that are not the subject of the loan agreements with Argonaut Equity Partners, for a period of 6 weeks from the date of settlement. Other conditions are typical of a no-liability confidential settlement.

Ms Stevenson, the former Group Accountant of Atrum who resigned and was a former director of BC Anthracite, was an individual respondent in the Federal Court Proceedings and as part of the settlement, Atrum has agreed to cover her legal costs to the value of \$50,000 cash and also to issue 203,466 fully paid ordinary shares in Atrum (being \$100,000 worth of Atrum shares being issued at the five day volume weighted average price for the period ending on 8 July 2016) which are subject to voluntary escrow arrangements for a period of 3 months from the date of Settlement.

As part of the Settlement, Atrum through its wholly owned subsidiary, Atrum Coal Groundhog Inc., has been granted five tenements from BC Anthracite Inc. that will be amalgamated with the Company's Groundhog East Project. As well, BC Anthracite has offered a 1.5% ex-mine gate royalty over 25 of its tenements to Atrum and a 0.5% ex-mine gate royalty over 6 of its tenements.

The companies have also agreed to work together to develop infrastructure solutions for the Groundhog region, with the aim of sharing the costs of infrastructure development. The parties have also agreed a confidentiality regime with respect to the terms of settlement of both proceedings.

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