

ATRUM COAL ACQUIRES STRATEGIC COAL LICENCES AT NASKEENA PROJECT

HIGHLIGHTS

- Atrum has entered into an agreement to acquire a 100% interest in 1,500 hectares of coal licence applications in the Naskeena coalfield in British Columbia, Canada
- Newly acquired licences strategic to Atrum's spin-out strategy of the Naskeena, Bowron River and Peace River coal projects
- Atrum now controls 12,900 contiguous hectares representing the entire Naskeena coalfield
- A revised Notice of Work ("**NoW**") will be submitted to the BC Ministry for Mines and Energy and includes the newly acquired area in preparation for maiden exploration in 2014
- Spin-out of Naskeena, Bowron River and Peace River coal projects progressing with ATO tax ruling expected in early 2014

Atrum Coal NL ("**Atrum**" or the "**Company**") (ASX: **ATU**) is pleased to announce that it has entered into an agreement to acquire 1,500 hectares of coal licence applications adjacent to the Company's Naskeena Coal Project ("**Naskeena**") in British Columbia, Canada.

Commenting on acquisition agreement, Executive Director Mr Gino D'Anna said:

"This recent acquisition marks the close of a successful year-long consolidation campaign and provides us with what we believe to be all of the prospective tenure in the Naskeena coalfield. We look forward to commencing maiden exploration at this exciting project in 2014."

The acquisition will provide the Company with a consolidated position of 12,900 hectares of coal tenure prospective for metallurgical coal. The acquisition and resulting consolidation of Naskeena represents a significant land foot-print within the Naskeena Coalfield and 'locks up' the known coal bearing geology.



ASX:ATU - Share Information
Issued Shares: 134.7m

Registered Office
Ground Floor, 510 Hay Street,
Subiaco WA 6008
T +61 8 9388 3131
E info@atrumcoal.com
www.atrumcoal.com

Board of Directors

Chairman
Executive Director
Executive Director
Managing Director
Company Secretary

J. Chisholm
R. Moran
G. D'Anna
E. Lilford
G. D'Anna

Key Projects

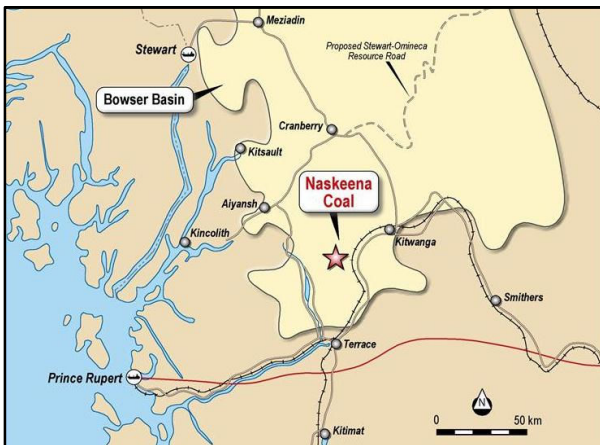
Groundhog
Peace River
Naskeena
Bowron River

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

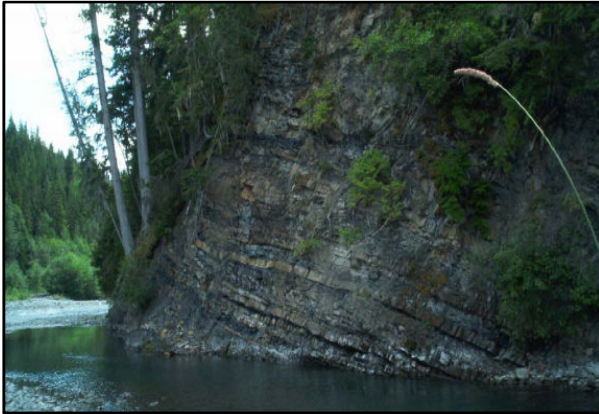
Naskeena has been the subject of relatively limited exploration. However, historical mapping, trenching, sampling and drilling carried out by previous explorers identified significant coal potential and exploration upside in the area.

The Naskeena project, located approximately 50km from the town-site of Terrace (BC), offers year round access for exploration and development and is favourably located close to road, rail and port infrastructure.

NASKEENA OVERVIEW



Naskeena project location



Big Cedar Creek 1.5m outcrop

Atrum already owns nine contiguous Coal Tenure Applications covering an area of 11,400 hectares within the Kitsumkalum valley. The new acquisition will increase this land holding to 12,900 hectares.

The historic Naskeena coal showing on the Little Cedar River was first discovered in 1913.

The 5km wide Kitsumkalum valley has been cut by parallel north/northwest faults on both sides.

Bedrock has been exposed along these faults and previous explorers have identified six occurrences of exposed coal seams on the western and eastern sides of the Kitsumkalum valley:

- Clear Creek
- Big Cedar River (2 coal seam exposures)
- Big Cedar River (surface trench)
- Hadenschild Creek (surface trench)
- Highway 113 (surface trench)

The broad Kitsumkalum valley basin is interpreted to have had minimal structural disruption.

Naskeena has year-round road access from Terrace with a two lane paved road traversing the western portion of the coal tenures and logging roads providing access to the rest of the project area. Terrace is a central service hub with a regional airline flying daily to-and-from Vancouver.

The deep sea port of Prince Rupert and Ridley Coal Terminal is approximately 150km away and accessible by both major highway and rail from Terrace. Rail lines and major highways also connect Terrace with Kitimat and Prince George. Most mining services and supplies are readily available to the project. A high voltage power transmission line traverses the western portion of Naskeena and water is readily available from nearby rivers and creeks.



Hadenschild Creek 1m+ coal outcrop

The Naskeena project is estimated to host an **Exploration Target¹ of 200Mt to 250Mt** of anthracite to semi-anthracite rank, in accordance with Section 17 and Section 38 of the JORC Guidelines 2012.

This Exploration Target is based on drilling completed by Jet Gold in 2006 and 2007 at the central portion of the Naskeena project together with historical trenching, mapping and sampling of coal outcrops across the project area.

¹ The Exploration Target quantity and quality is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource.

Subject to the receipt of the necessary permits and approvals, the Company plans to undertake a drilling program at Naskeena aimed at twinning some of the historical drill holes to confirm coal seam thickness and coal quality. This additional information will also assist the Company in confirming the Exploration Target with a view to using modern exploration techniques to convert a part of the Exploration Target into a mineral resource in accordance with JORC 2012 Guidelines.

GEOLOGICAL SETTING

The Naskeena coal seams are contained within a series of sediments ranging in age from Upper Jurassic to Lower Cretaceous. These sediments were deposited into the Bowser Basin, overlying the Hazelton Trough. The Bowser Basin is defined to the north by the Stikine Arch and to the south by the Skeena Arch.

The Kitsumkalum River valley basin runs north/south, just east of the main Coast Range intrusive complex and is a dominant feature of the area. The Kitsumkalum River valley is considered an extension of the Kitimat Trench and a Horst and Graben or rift valley feature.

Naskeena is interpreted to be a southerly trending tongue of mostly flat lying Bowser Basin Group sediments bounded by portions of the Bowser that have been cut by parallel north/north west faults. The northern portion of the project typically has shallow overburden or exposed bedrock while the southern half of the area is covered by quaternary gravels with an estimated depth of up to 30m.

Only small portions of the eastern edge of Naskeena have been tested by drilling.

HISTORICAL EXPLORATION

Naskeena has been mapped, trenched, sampled and drilled by previous explorers who have suggested that the area has significant potential.

Five trenches were hand dug in the river bank just north of the Big Cedar River in 2007. These trenches exposed the weathered coal seam for a strike length of 30m. Outcropping coal is also visible on the banks of Hadenschild Creek, along Clear Creek, and on the Little Cedar River. In 2007, Jet Gold Corp drilled sixteen vertical diamond drill holes on Naskeena for a total of 1,215m. Thirteen of the holes were drilled in the vicinity of the historic Naskeena showing, beside the Big Cedar River. Seven of the drill holes intersected multiple coal seams ranging from 0.3m to 1.5m in thickness. One of the drill holes, DDH6 intersected seven coal seams.

An additional three diamond drill holes were drilled 2.5km south of the historic Naskeena showing. One of the drill holes, DDH16 was drilled about 500m west of the Clear Creek showing and passed through a 1.1m thick seam of coal at a depth of 31m.

Drilling was positioned close to the eastern bounding regional fault system. Close to the bounding fault, the bedding was found to dip steeply. To the west of the bounding fault the bedding was found to flatten out and the coal seams were more numerous and thicker.

In 2008, Jet Gold Corp followed up with a second exploration program of nine diamond drill holes for 1,310m. This 'step out' drilling campaign was designed to establish the connectivity and continuation of the coal seams. Several coal seams were reported including a 2.43m coal intersection within drill hole DDH2.

Limited coal quality testing by previous explores suggests that Naskeena has the potential to host a metallurgical ranking anthracite and/or semi-anthracite coal. The Company intends to carry out detailed coal quality testing as part of its initial exploration program.

UPDATE ON SPIN-OUT ACTIVITIES

On 18 September 2013, the Company announced the spin-out of the Naskeena, Peace River and Bowron River coal projects to facilitate focus on Atrum's world class Groundhog Project.

The Company is currently working with the BC Ministry of Energy and Mines in relation to the granting of a revised Notice of Work ("**NoW**") for the Naskeena project, which will now include the newly acquired licences.

The granting of the Naskeena NoW is expected to occur during January 2014, and the Company plans to twin historical drill holes to confirm coal seam thickness and quality.

The divestment structure and commensurate IPO of the Naskeena, Bowron River and Peace River coal projects has now been finalised with existing Atrum shareholders to receive a substantial equity position.

The Company is finalising a waiver application to the ASX in relation to escrow conditions, the in-specie distribution and other matters relating to priority offers to existing Atrum shareholders.

Furthermore, the Company is finalising a submission to the Australian Taxation Office (“ATO”) in relation to obtaining demerger relief for the Company and its shareholders. A meeting between the ATO and the Company is scheduled to take place in the coming week.

A Notice of Meeting and Explanatory Statement detailing the precise terms of the spin-out is currently being prepared for distribution to shareholders of Atrum in early 2014.

The spin-out will enable existing Atrum shareholders to participate in the exploration and development of these exciting projects and allows the Company to focus on the development of Groundhog. The Company is targeting the spin-out IPO for H1 2014.

For further information contact:

Dr Eric Lilford
Managing Director
M +61 424 757 452
eric@atrumcoal.com

Russell Moran
Executive Director
M +61 415 493 993
russell@atrumcoal.com

Gino D’Anna
Executive Director
M +61 400 408 878
gino@atrumcoal.com

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

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

Exploration Targets

This announcement refers to Exploration Targets as defined under Section 17 of the JORC Code 2012. The Exploration Target quantity and quality is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource.

Competent Person Statement

The information in this document that relates to Exploration Results is based on information compiled by Brad Van Den Bussche B.Sc P.Geo, who is a Member of a Recognised Overseas Professional Organisation (ROPO) included in a list promulgated by the ASX from time to time, being the Canadian Institute of Mining and Metallurgy.

Mr Van Den Bussche is Chief Technical Officer of Atrum Coal NL and has sufficient experience which is relevant to the style of mineralisation and type of deposit and mineralisation under consideration by them and to the activity which they are undertaking to qualify as a 'Competent Person' as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Van Den Bussche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.