

# Atrum Coal NL - Quarterly Activities Report 30 June 2015

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Sydney, Australia (ABN Newswire) - [Atrum Coal NL](#) ("Atrum" or the "Company") (ASX:ATU) (OTCMKTS:ATRCF) 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.

## 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

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.

"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 806km<sup>2</sup>, 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.

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.

### **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 Corp.'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.

### **About Atrum Coal NL:**

[Atrum Coal NL](#) (ASX:ATU) (OTCMKTS:ATRCF) is an emerging metallurgical coal explorer and developer.

The Company has a substantial coal position in British Columbia which, as a region boasts:

- Abundance of high quality PCI, coking and anthracite coals
- Well developed rail and port infrastructure with excess capacity
- Access to deep sea ports
- Competitive shipping distance to Asia
- Positive government stance on mining

The Company is building a quality portfolio of metallurgical coal assets suited to the Asian export market and the Board of Directors have a strong track record in identifying and developing world class coal assets in Australia and abroad.

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