Atrum Coal

Emerging metallurgical coal explorer

ASX Release

25 September 2012

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220% INCREASE TO THE JORC RESOURCE AT THE GROUNDHOG COAL PROJECT TO 159MT

HIGHLIGHTS

- JORC resources at Groundhog increased by 220% to a global coal resource of 159Mt across Indicated (57.1Mt) and Inferred (101.9Mt) categories
- Maiden 57.1Mt JORC Indicated Resource at Groundhog demonstrates resource confidence and clear development profile
- 47.2Mt of resource occurs between 0 and 50m depth
- >90% of the 159Mt resource occurs between 0 and 150m depth representing true open cut potential
- Eight coal seams identified to a depth of 200m with potential to increase the coal resources through deeper drilling
- Interim resource upgrade prior to drilling is the result of the data sharing arrangement with Anglo Pacific Plc and the re-modelling of broader exploration data at Groundhog
- Moose Mountain Technical Services has been commissioned to prepare a full Competent Person Report
- Drilling currently in progress at Groundhog with two drill rigs fully operational and 30 personnel on site
- Current drilling campaign designed to expand the JORC resource across Measured, Indicated and Inferred categories as well as test for coal quality
- Further JORC resource upgrade expected in Q1 2013 following current drilling and structural interpretation

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ASX:ATU - Share Information
Issued Shares: 101.7m

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Key Projects

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

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Focused Canadian metallurgical coal explorer and developer, Atrum Coal NL ("**Atrum**" or the "**Company**") (**ASX: ATU**) is pleased to announce an upgrade of the current JORC resources at the Company's flagship Groundhog Coal Project ("**Groundhog**"), located in British Columbia, Canada.

RESOURCE UPGRADE

The JORC resources at Groundhog have increased 220% from 50Mt JORC Inferred to 159Mt JORC Indicated and Inferred, as summarised in the table below.

JORC Category	Previous Resource (Mt)	Upgraded Resource (Mt)
Indicated	-	57.1
Inferred	50	101.9
Total	**50**	**159**

Figure 1: JORC Resources at Groundhog

A maiden JORC Indicated resource of 57.1Mt has been delineated at Groundhog, improving the confidence of the development path as the project transitions through resource expansion, reserve definition, feasibility and production.

The Company is now focused on further improving the confidence of the resources through this current drilling campaign, which has been designed to expand the JORC resource across Measured, Indicated and Inferred categories. The Company also plans to undertake product and market assessment upon completion of the current drill campaign.

This interim resource upgrade has resulted from a data sharing arrangement that the Company entered into with Anglo Pacific Plc ("**Anglo Pacific**") in July 2012. Under the arrangement, Atrum secured access to a resource model related to the neighbouring Discovery Project owned by Anglo Pacific, and with it was able to compile 2008 drilling data at Groundhog as well as regional historical data from 1970 to 1985, and produce an updated resource model.

The updated resource model re-enforces the strong development potential at Groundhog. The 159Mt JORC Indicated and Inferred resource is considered to be true open cut with more than 90% of the current resource occurring between 0 and 150m:

JORC Resource Breakdown By Depth			
0 – 50m	0 – 100m	0 – 150m	0 – 200m
29.7%	67%	91.5%	99.9%
47.2Mt	**106.5Mt**	**145.5Mt**	**158.8Mt**

Figure 2: JORC Resources by depth at Groundhog

Coal quality testing by previous exploration companies from a drill hole proximate to the central core area at Groundhog, demonstrated potential to wash the coal and achieve a 65% yield (average at 1.65SG) with low impurities (sulphur and phosphorous), less than 10% ash, low volatile matter, a fixed carbon content in excess of 85% and calorific value ranging from 7,500Kcal to 8,000Kcal. Testing was based on four core samples taken at 29.3m, 72.3m, 79.1m and 136.6m depth.

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A typical cross section of the coal occurrences at Groundhog is illustrated below. Coal seams occur at near surface and have a tendency to dip down gently before re-approaching the surface. Topography (solid black line), conceptual resource pit outline (dotted black line) and coal seams (coloured lines) are shown in the figure below:

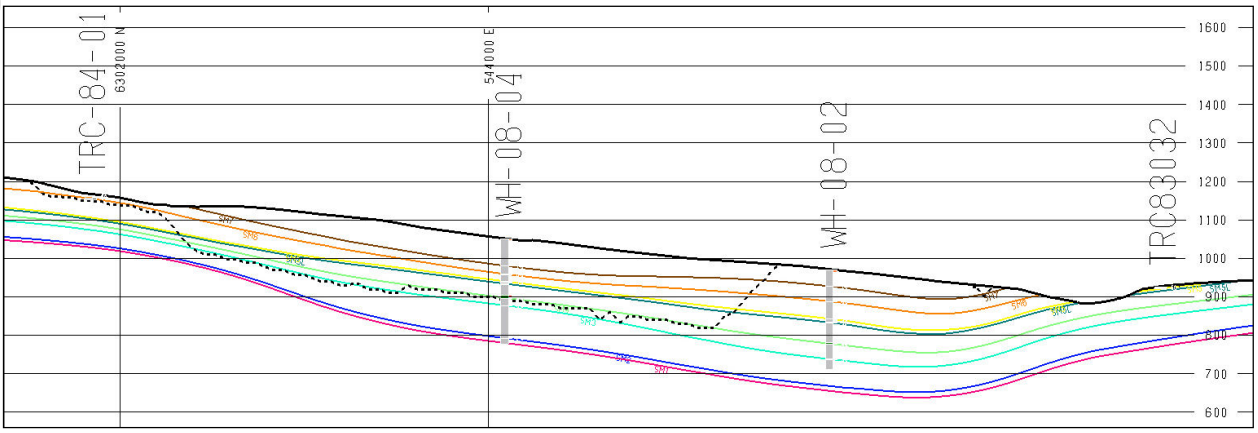

Figure 3: Typical cross-section of resource pit at Groundhog

Eight economic coal seams have been identified between 0 and 200m depth. The Company believes there is significant potential to further extend the coal measures by testing for additional resources at depth through this current drill program.

Moose Mountain Technical Services ("**MMTS**") has been commissioned to complete a full technical report with respect to the resource upgrade. This is expected to be complete by the end of October.

CEO, Mr Lyle Hobbs commented on the upgrade of the JORC resource at Groundhog stating:

"This resource upgrade represents a significant de-risk of the development profile at Groundhog. We continue to be encouraged by early results and are well positioned to deliver on our stated objectives."

DRILLING UPDATE

Figure 4: Camp and airstrip at Groundhog

Drilling commenced at Groundhog on 17 September 2012 and two drill rigs are now fully operational with 30 personnel on site. The image on the left depicts the drill camp and airstrip. The program remains on schedule to be completed by the end of October and subsequent coal quality results expected before the end of 2012. A further upgrade to the JORC resource at Groundhog is expected Q1 2013.

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Figure 5: First drill pad at Groundhog

GROUNDHOG PROJECT

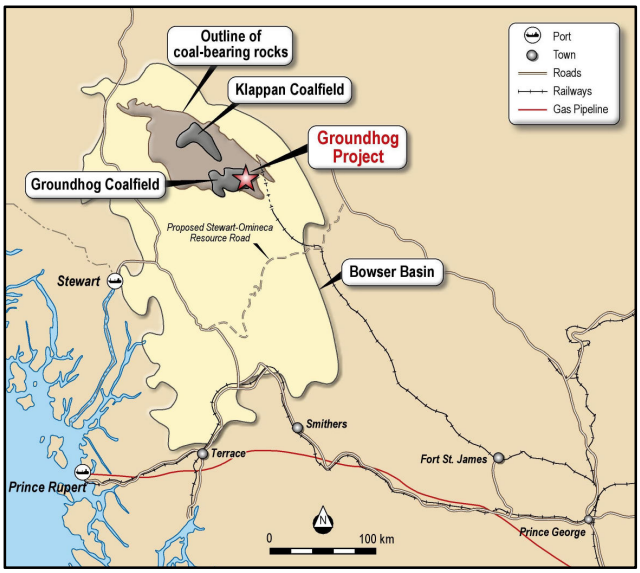

Figure 6: Groundhog project location

Figure 7: Railway subgrade at Groundhog

Groundhog is located in the Groundhog Coalfield in the northern part of the Bowser Basin in north-western British Columbia, approximately 890 km northwest of Vancouver, 150 km northeast of Stewart, and 300 km northeast of Prince Rupert. It comprises of 18 granted coal licenses covering an area of 8,322 hectares and 2 coal licence applications covering an area of 6,150 hectares.

The Groundhog project is prospective for metallurgical ranking coal including low-volatile semi-anthracite PCI and anthracite coals. It is located in close proximity to key mining infrastructure including rail, port, road, power and water facilities.

A rail 'easement' or 'right-of-way' completed by the British Columbia Railway ("BCR") foundation, runs adjacent to the project for approximately 30km southwards where it connects with existing rail at the Minaret Terminus and continues on to the dedicated coal terminals at the deep sea ports of Prince Rupert and Port Metro Vancouver including Ridley, Neptune and Westshore.

CN Rail operates under a long term lease arrangement with BCR, and operates the rail line between Prince George and Port of Prince Rupert and on the Dease Lake Line to Minaret, approximately 30km south of Groundhog.

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Exploration Targets

This announcement refers to Exploration Targets as defined under Section 18 of the JORC Code. 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 mineral resource estimates on the Groundhog Project are based on information compiled by Robert J Morris M.Sc P.Geo, who is a Member of the Canadian Institute of Mining and Metallurgy. Mr Morris is a consultant of the independent consulting firm Moose Mountain Technical Services 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 JORC.

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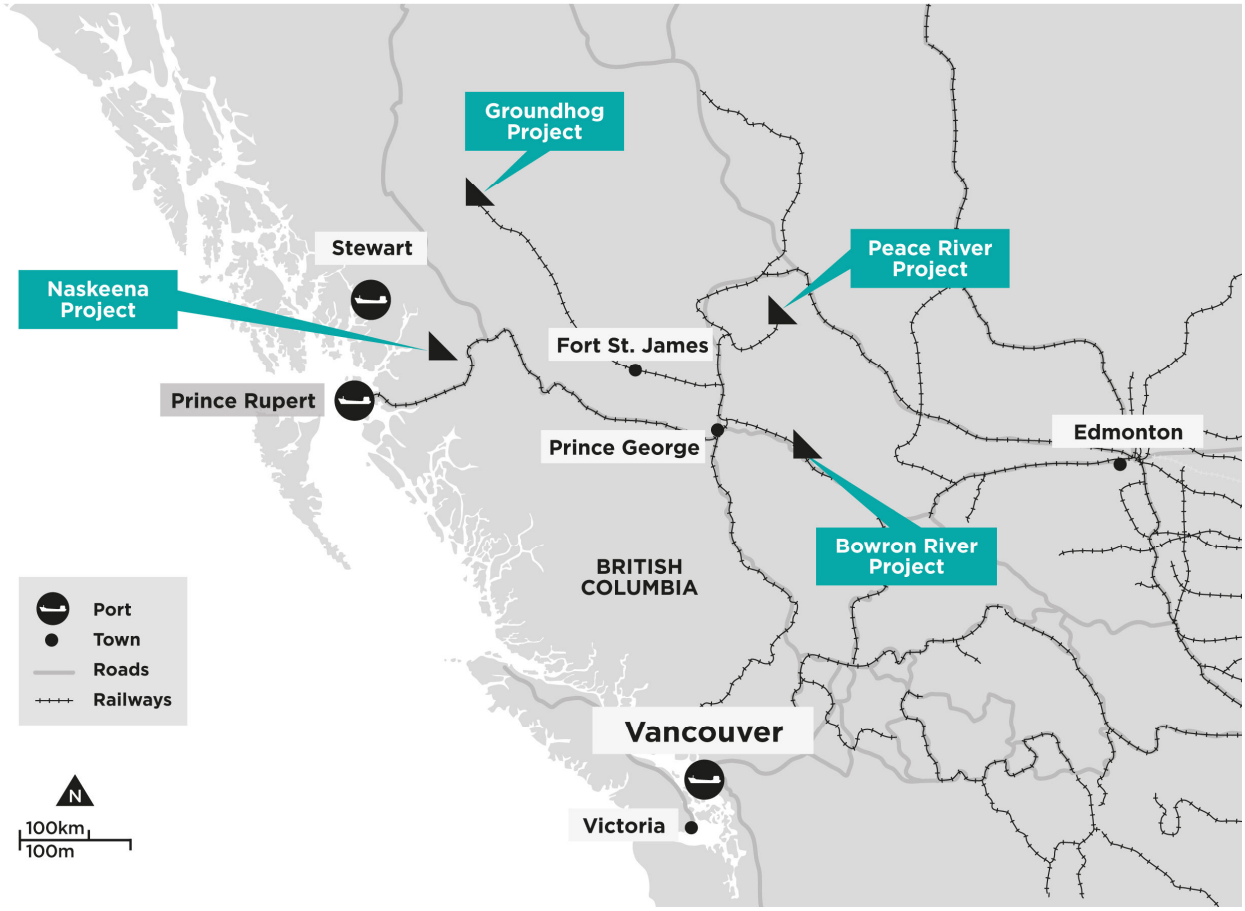
ABOUT ATRUM

Atrum is an emerging metallurgical coal explorer which owns 100% of the Groundhog, Peace River, Naskeena and Bowron River coal projects in British Columbia, Canada.

The Company's flagship Groundhog Project has a **JORC Indicated and Inferred Resource of 159Mt** from 0 – 200m depth (57.1Mt Indicated and 101.9Mt Inferred) with additional exploration upside. The Company also has three other wholly owned coal projects:

Coal Projects	Size (Ha)	JORC Resource (Mt)	JORC Exploration Target (Mt)
Peace River	5,325	-	0 - 25
Naskeena	11,400	-	200 - 250
Bowron River	3,000	-	-

Atrum Coal Project JORC Resources and Exploration Targets



Location of Atrum Coal Projects

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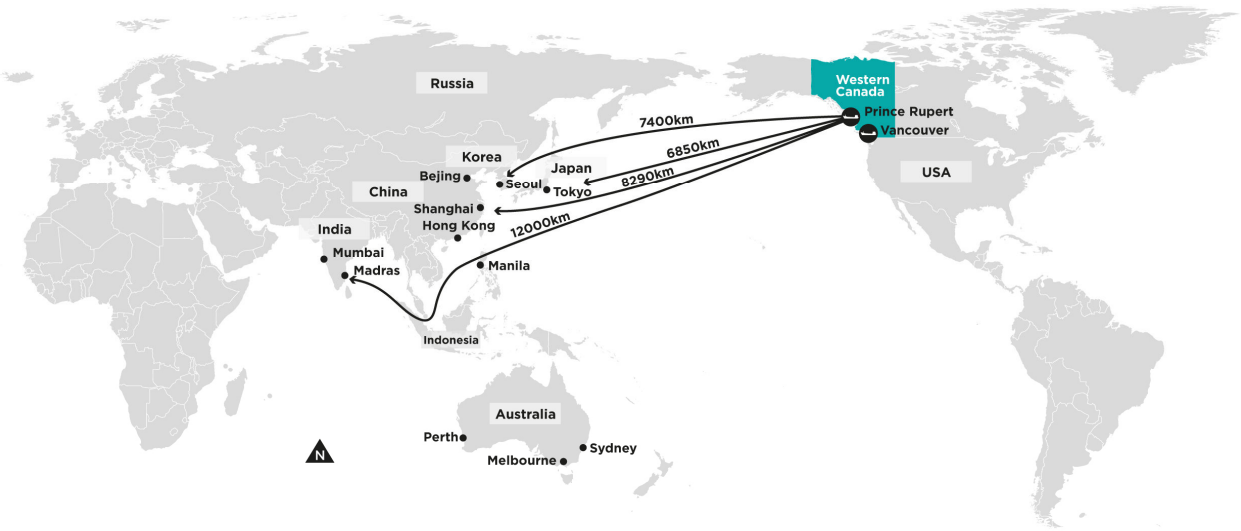
CANADA ADVANTAGE

Atrum has targeted British Columbia due to its relative:

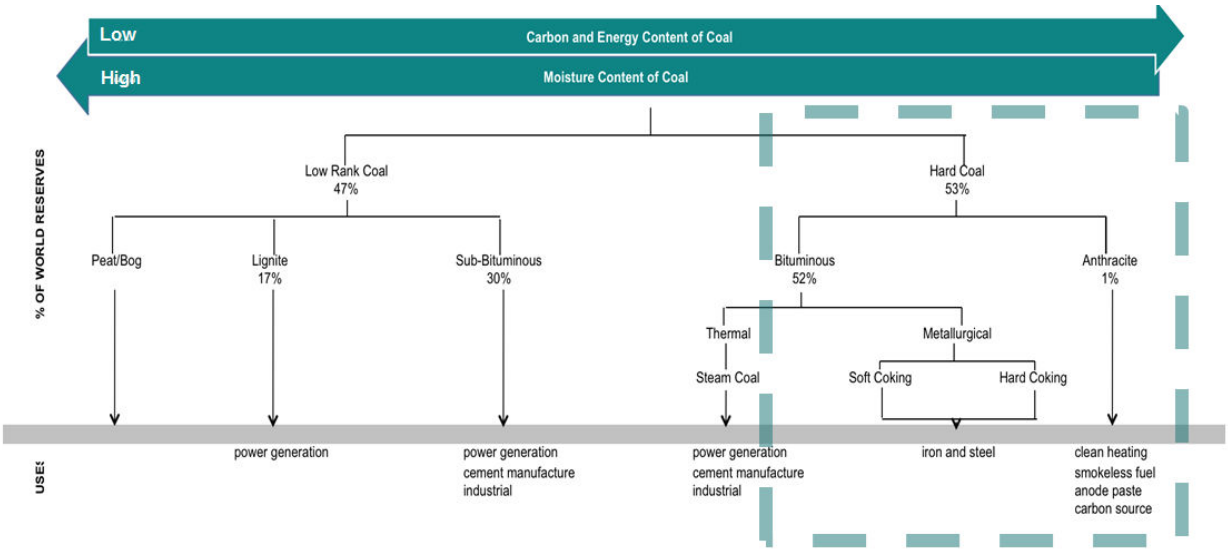
a. abundance of high quality metallurgical coals;
b. well developed rail and port infrastructure with excess capacity;
c. access to deep sea ports;
d. competitive shipping distance to Asia; and
e. positive government stance on mining

Canada is one of the world's leading coking coal suppliers to the seaborne market.



Shipping distances from British Columbia to Asian markets

The Company's projects are targeting PCI, coking and anthracite coals suitable for use in the steel and ferromanganese industries.



Spectrum of Coal Types