

ATRUM COAL COMPLETES PFS INFILL DRILLING AT ITS 1.6BT GROUNDHOG ANTHRACITE PROJECT

HIGHLIGHTS

- Atrum has completed an infill drilling program at Groundhog that included a total of 64 diamond cored holes
- Program consisted of four times as many drill holes as last year and included 21 large core diameter holes targeting bulk material for advanced run-of-mine wash testing and product simulation
- Gas and reservoir testing completed on three and two-drill holes respectively, for mine planning and future assessment for development of bulk sample and small scale mine
- Climatology, mountain ungulate and groundwater hydrology testing and monitoring continues to feed into the environmental baseline for mine planning and permitting
- Coal and ply samples submitted to ALS and Loring Laboratories for coal quality testing with results expected in the coming weeks
- Advanced geological modelling from the 2013 drill program is underway with results expected before the end of the year
- Offtake discussions progressing with Managing Director workshopping coal specifications with customers in Japan, Korea, China, Russia and India over the next five weeks
- Environmental engineering group Knight Piesold engaged to complete hydrogeological and subsurface water quality testing in preparation for bulk sample planning and permitting
- SRK Consulting engaged to complete geochemical studies



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Key Projects

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

Atrum Coal NL (“Atrum” or the “Company”) (ASX: ATU) is pleased to announce the completion of an infill drill program at its flagship Groundhog Anthracite Project (“Groundhog”), located in British Columbia, Canada.

Commenting on the successful completion of the drill program, Managing Director Dr Eric Lilford stated:

“Our plans for this year’s program were ambitious. However, I am excited to say we have hit all of our milestones and the results to-date have exceeded our expectations. We are on track to deliver on what we promised and I look forward to updating the market on both exploration results and offtake discussions in the coming weeks.”

COMPLETION OF PFS INFILL DRILL PROGRAM

The 2013 drilling program at Groundhog commenced on 21 June and included the mobilisation of two drill rigs. The exploration program was specifically designed to infill drill the north-west zone at Groundhog, so that with further modelling a portion of the existing resource could be used to define an initial mineable Reserve.

The program targeted upper seams of the coal measures, specifically the high ranking #70 coal seam and definition of its outcrop/sub-crop in the north-west zone. Exploration results from this program will allow Atrum to expand on the Scoping Study (released 27 August 2013) and feed into both an updated resource report and a Pre-Feasibility Study expected to be complete Q1 2014.

Drilling has concluded with a total of 64 diamond core holes completed. The program also included 21 large-diameter core holes (9 inclined holes and 12 vertical holes) which extracted approximately 300kg of material for advanced run-of-mine wash testing and product simulation.

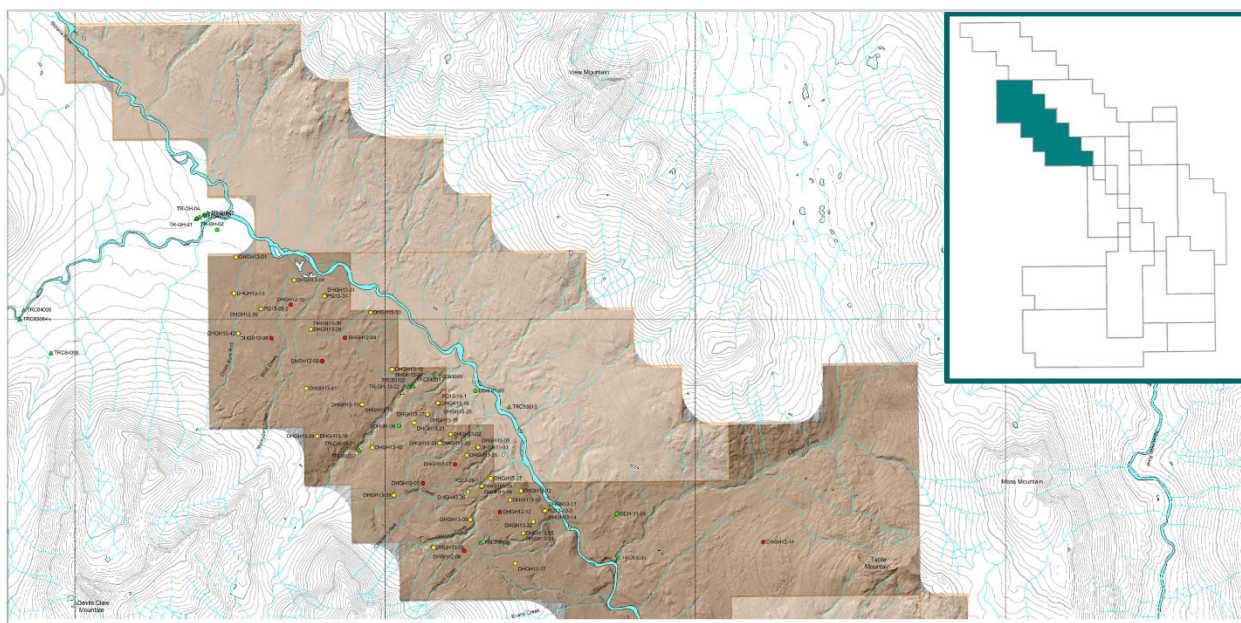
The Company has submitted all coal and ply samples to ALS Laboratories and Loring Laboratories for coal quality testing with washability results expected in the coming weeks.

Advanced geological modelling of recent exploration results is underway with an updated resource/reserve definition expected by the end of the year. The recent exploration results will be collated with results of the 2012 drilling program together with all historical data to form the basis of the Pre-Feasibility Study at Groundhog.

Exploration results from this year’s drilling program were not included in the recent Scoping Study and are expected to add significant upside to the project metrics in the Pre-Feasibility Study.

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The map below illustrates the drill hole locations from the 2013 infill drilling program and the concentrated focus in the north-west area:



Drill hole density in north-west zone at Groundhog

ENVIRONMENTAL AND GEOCHEMICAL STUDIES

The Company recently completed gas and reservoir testing on five of the drill holes. Both shallow and deep sites were specifically selected to ensure that the results would provide a representative sample for mine planning and development of a bulk sampling program and small scale mine. Gas desorption testing was completed on three locations with the collection of 19 samples, and reservoir tests were configured on two locations.

Six of the drill holes have been selected for conversion to groundwater monitoring locations and results will be used for future environmental baseline information for mine planning. The hydrogeological testing is aimed at defining sub-surface water quality and volume and is important in the development of the mine design.

The Company has engaged Environmental engineering group Knight Piesold Consulting to complete the hydrogeological testing in preparation for the mine plan submission and bulk sample permit. Construction materials and monitoring equipment have been mobilised and installation operations are underway. Knight Piesold will be responsible for the collection of the initial set of groundwater samples from the monitoring wells and for the installation of pressure transducers / data loggers. Groundwater samples from the wells will be taken on a regular basis in order to monitor any seasonal changes.

In addition, SRK Consulting has been engaged to complete a geochemical characterisation study and formulate a conceptual hydrogeologic model.

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SRK Consulting has been engaged to carry out a geochemical characterisation program which will include:

- Static testing on a spatially representative number of waste rock and process residue samples to provide an indication of the variability within these materials;
- Shake flask extraction (leach extraction) testing on 2008 drill core samples to provide an indication of the potential weathering the materials may undergo;
- Mineralogical characterisation (petrographic and Reitveld XRD) to characterise the forms and distribution of minerals within the waste rock and process residues;
- Kinetic tests on the waste rock and process residues; and
- Characterisation of process water from wash tests for a full suite of water quality parameters.

The results of the geochemical characterisation program will assist in the mine design and environmental management plan for Groundhog and the proposed bulk sample and small scale mine. Specifically, such tests will be utilized for determining proper long-term disposal of waste rock and residues and thereby ensure mining occurs in an environmentally-sound manner.

COMMUNITY AND FIRST NATIONS RELATIONS

Atrum has continued to build on its strong relationship with its local First Nations groups that have traditional land interests in the area. In line with its commitment to local communities, during the 2013 field exploration program, which was four times larger than last year, the Company employed more than 90% of its workforce from local communities while First Nations member participation increased considerably. Atrum is pleased with the initiative of the Wilps Geel and their commitments to not only train their members but other Gitxsan Nations members which comprised of more than 50% of the exploration workforce this year at Groundhog.

"Our relationship with local community and First Nations groups continues to strengthen on the back of a mutual desire to bring opportunity and prosperity to the area," Dr Lilford said.



Len Cambell, Dr Eric Lilford, Chief Catherine Blackstock and Robert Blackstock at Annual Gitxsan First Nations Golf Tournament

Members from six First Nations territories were employed at the Groundhog exploration camp during the 2013 exploration program and the Company continues to seek out further ways to involve the local communities in its development plans.

The Company sponsored the Annual Gitxsan First Nations Golf Tournament in Smithers this year. Guests included Atrum Managing Director Dr Eric Lilford, Gitxsan Geel House Chief Catherine Blackstock, Robert Blackstock as well as most of Atrum's Canadian operational team.

KEY CONSUMER OFFTAKE DISCUSSIONS

The Company has advanced offtake discussions and Managing Director, Dr Eric Lilford will be presenting anthracite specifications to potential customers in Japan, Korea, China and India during October and November.

Atrum is now focused on preparing for its bulk sample and test shipment program planned for 2014. The bulk sample will provide both a means to test the high value anthracite markets and provide a means of early cashflow.

We look forward to updating shareholders on this front in the coming weeks.

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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.

In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the JORC Compliant Coal Resource for the Groundhog Anthracite Project in Canada has been reviewed by Mr Ian de Klerk of Xstract Mining Consultants Pty Ltd.

The Coal Resources documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2004.

They are based on information compiled and reviewed by Mr. Ian de Klerk who is a Member of the Australasian Institute of Mining and Metallurgy (Member #301019) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 20 years' experience in the evaluation of coal deposits and the estimation of coal resources. Mr. de Klerk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2004. Neither Mr. de Klerk nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Atrum Coal NL or any companies associated with Atrum Coal NL. Fees for work undertaken are on a time and materials basis. Mr. de Klerk consents to the inclusion of the Coal Resource 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.