

# Investment Proposal

## Corporate Details

Atrum Coal NL  
ACN 153 876 861  
Level 1  
6 Thelma Street  
West Perth WA 6005  
[www.atrumcoal.com](http://www.atrumcoal.com)

## Directors

**James Chisholm**  
Non-Executive Chairman

**Russell Moran**  
Executive Director

**Gino D'Anna**  
Executive Director  
Company Secretary

## Indicative Capital Structure

	Shares
Founders	30.5m
Seed and advisor	12.5m
IPO Shares*	32.0m
<b>Total Shares</b>	<b>75.3m \$18.8m</b>

\*Assumes 25 cent IPO listing price.  
Market Capitalisation post IPO of \$18.8 million.

**Total Options**  
5,000,000 – 30 cent / 4 year term

**Partly Paid Shares**  
30,500,000 – 19.9 cents unpaid/  
5 year term

## Expected IPO Timetable

Prospectus Lodgment	early April 2012
Offer Opens	mid April 2012
Offer Closes	mid May 2012
Expected Listing Date	early June 2012

**Atrum Coal is a focused emerging metallurgical coal explorer with 100% owned projects in British Columbia on the West Coast of Canada in proximity to export infrastructure. The Company is developing its portfolio of assets with the objective of building a billion tonne metallurgical coal resource and achieving first production and export to Asia in late 2015.**

Atrum offers an attractive entry point into the metallurgical coal sector with the potential for substantial upside leveraged to exploration success. The Company is targeting areas prospective for coking coal and anthracite with good access to infrastructure necessary for commercial development.

Atrum has specifically targeted British Columbia as its initial project focus due to its relative:

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

Atrum's project acquisition strategy is focused on known basins that have historical drilling and seismic data confirming the potential for extensive coal occurrences. The Company has well developed leads on additional project targets in British Columbia and has an extensive network of contacts within the mines department providing the necessary access to a considerable amount of information detailing prospective coal areas.

By targeting high value coal products in pro-mining geographies, Atrum seeks to minimize the strategic risks associated with coal developments near population centers and tenure development issues.

Each of Atrum's projects are 100% owned and can be developed as "stand alone" projects to maximize the opportunity for development with targeted strategic partners.

The Company's commercialization strategy includes a primary focus on near surface and open pit targets which facilitate early production and a lower risk path through development to production.

Within the context of the Company's long term exploration and development strategy, Atrum may pursue opportunistic coal related transactions where they are accretive to shareholder value.

Atrum retains an executive team with a track record in identifying and commercializing world class coal deposits. The Company will continue to add technical bias as the exploration strategy unfolds and the Company is currently evaluating a number of opportunities and candidates to assist with project and strategic development.

## Positioned in World Class Metallurgical Coal Fields

The Company's flagship project, the Groundhog Coal Project, hosts a 50Mt JORC Inferred Resource and an additional Exploration Target of between 350Mt and 400Mt, in accordance with JORC guidelines. In addition, the Company holds approximately 13,000 hectares in the Naskeena Coal Field and 7,000 hectares in the Peace River Coal Field, within a 40km radius of four operating coal mines with existing coal resources and reserves. All projects are 100% owned.

The sustained growth and development of North and South Asian economies, the short supply of existing high quality coal resources and technological advances in coal mining and processing technology, linked with the growing demands of strategic coal buyers, creates substantial new opportunities for the large scale long term supply of Canadian coal.

## Groundhog Coal Project

The Groundhog Coal Project (the Project) consists of 19 coal exploration licenses covering 8,887 ha (88.87 km<sup>2</sup>) located in close proximity to key mining infrastructure including rail, port, road, power and water facilities. The Project is located in the Groundhog Coal Basin which forms part of the Bowser Basin in northwestern British Columbia, approximately 890 km northwest of Vancouver, 150 km northeast of Stewart, and 300 km northeast of Prince Rupert within the National Topographic System (NTS) map 104A.

A rail easement constructed by the BC Government traverses the southern portion of the tenement providing access to within 5 kilometres of the Groundhog Coal Project; this rail easement then extends further north past the northern extent of the Groundhog Coal Project. Access to the rail easement provides the Groundhog Coal Project with access to a nearby rail siding that is located approximately 30 km south of the project area which provides for a direct line to the Port of Prince Rupert.

The Groundhog Project is located 60 km southeast of the Mount Klappan coal property, where global resources exceed 2.8 billion tonnes of semi-anthracite coal (TSX listed Fortune Minerals). In 1970, 1981 and 1983-84 a total of 12 historical diamond drill holes for a total of 2,051m were drilled within and adjacent to the property. In 2008 West Hawk Development Corporation drilled and cored a further 11 holes up to 300m in depth and recorded multiple coal seam intercepts of between 1 and 8 metres.

In 2012, the Company engaged AMC Consultants Pty Ltd to review the historical exploration work and to undertake the completion of a JORC Resource estimation and an estimate of the Exploration Target. **The result of this investigation defined the Groundhog Coal Project with a 50Mt JORC Inferred Resource and an additional exploration target of between 350Mt and 400Mt of coal.**

Xstrat Mining Consultants Pty Ltd concluded that the coal rank appears to be a semi-anthracite and a 10% ash washed product could be achieved as a high value PCI export coal product. Priority targets of the outcrops and sub-crops of coal provided by the historical drilling and exploration will be the first priority for the Company as it progresses with the exploration of the Project. There exists significant potential to further expand the resources with additional drilling and resource definition and the acquisition of further complementary projects.

The Company will focus on the completion of a helicopter assisted geomagnetic survey across the Groundhog Project followed by an extensive drilling and sampling program designed to provide the Company with a greater understanding of the geology of the area and the specifications of the coal. This is considered essential as previous proximate and ultimate analysis was carried out on trenched samples which may have been weathered material.

## Groundhog Coal Project – Infrastructure Options

### PROCESS PLANT & ON-SITE INFRASTRUCTURE

- > Wash plant could be constructed at the site for the production of a 10% ash, low volatile PCI product for the export steel market.
- > On site camp constructed to accommodate workforce which can be supplied from nearby communities on a rotational basis
- > Power supply for the process plant, camp and other facilities generated by diesel
- > Abundant water proximal to project area supporting production and processing, targeting initial production of 2Mtpa saleable product

### RAILWAY

- > BC Rail has a railway line (c. 30km easement only) that runs through the property and connects to the operating rail on to the coal port of Prince Rupert and the rail easement can be upgraded by the Company and used for the haulage of product to the rail head or alternatively, the Company could enter into a JV with BC rail to extend the rail spur direct to the project
- > The 30km easement requires upgrade to the track and sub-grade to accommodate fully loaded unit trains with efficient haulage of coal to the port
- > The Fortune Minerals Mount Klappan Project, with POSCO as JV partner includes construction of a 150km private haulage road which may provide the Company with an alternate route to Port Stewart which is undergoing an upgrade of handling capacity Rail transportation provides a simple and scalable solution with 3 port option available, Port of Prince Rupert, Port of Stewart or the Port of Metro Vancouver, all being deep-water ports

### PORT

- > Railway transportation provides access to the port of Prince Rupert approximately 300km from the Groundhog Project (direct land distance), which has a modern government owned, bulk handling facility with capacity for up to 16mtpa that is underutilised and is capable of loading Cape-size ocean vessels
- > Rail distance to Port of Prince Rupert circa 1,000 km or by road it is circa 400 km
- > This terminal provides the opportunity to blend and split cargos with coal from other Canadian producers and is up to 36 hours closer to Asia than other west coast ports.

## Other Projects

In addition the Company holds approximately 13,000 hectares in the Naskeena Coal Field and 7,000 hectares in the Peace River Coal Field, within a 40km radius of four operating coal mines with existing coal resources and reserves. The Company has also secured a further 6,150 hectares as an extension to the Groundhog Coal Project. This provides the Company with a significant footprint in British Columbia with a land holding of approximately 35,000 hectares. The Company is also reviewing metallurgical coal projects in other parts of the world.