

# ATRUM COAL – PANORAMA NORTH EXPLORATION UPDATE

## HIGHLIGHTS

- Initial drilling program concludes at Panorama North.
- Multiple coal seams intersected at Panorama North.
- Two drill rigs completed 1,180 metres of fully cored diamond drilling in four holes.
- Shallow coal seams were intersected, including a seam with total vertical thickness of 2.30 metres, occurring at 12 metres depth.
- Field work is now complete, and cores are being sent for testing.

Atrum Coal NL ("Atrum" or the "Company") (ASX: ATU, along with its joint venture partner Japan Oil, Gas and Metals National Corporation ("JOGMEC"), are pleased to provide an operational update for the Company's Panorama North Anthracite Project ("Panorama North"), located in British Columbia, Canada.

Executive Chairman, Mr Bob Bell commented:

*"Our first drilling program at Panorama North has been very successful, with multiple coal seams intersected. We are very pleased to have begun exploration of a new region within the extensive Groundhog coalfield, and we have been strongly supported by our joint venture partner JOGMEC and our Aboriginal partners and for that Atrum is very appreciative."*

## EXPLORATION AND DRILLING AT PANORAMA NORTH

Diamond core drilling of four holes has been successfully completed at Panorama North over the past month. Panorama North is an area to the west of Groundhog North (refer Figure 1). Holes have been geophysically logged, and we are now completing studies of the cores and conducting geological interpretation. Samples are also being prepared for testing and analysis.

The coal seam intersections in each drill hole at Panorama North are summarized in Table 1 below. Two seams within the boreholes have similar geophysical signatures to the Duke E seam, being the primary economic target seam at Groundhog North.



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C. Vorias  
J. Wasik  
T. Renard

**Key Projects**  
Groundhog  
Naskeena  
Bowron River  
Ownership: 100%  
Ownership: 100%  
Ownership: 100%

Drill Hole ID	Total Depth	Total Coal	Thickest Seam
DHPN-16-01	326m	6.85m	1.90m
DHPN-16-02	260m	9.87m	2.05m
DHPN-16-03	325m	10.75m	2.30m
DHPN-16-04	269m	11.80m	1.70m

Table 1: Initial drill hole results from Panorama North

Results from this exploration program are encouraging, and reflect the results of trenching undertaken in the 1980's. Thick, near surface coal seams have been encountered, and the Company will commence planning for the 2017 exploration season, again with support from our joint venture partner, JOGMEC and our Aboriginal partners.

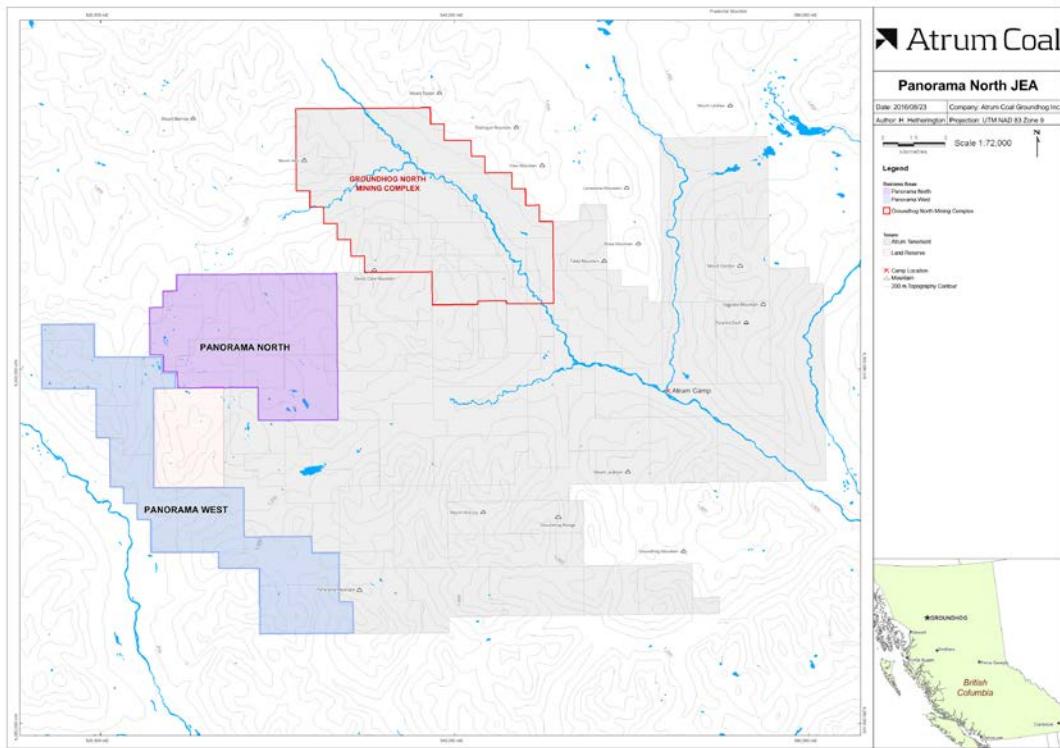


Figure 1: Panorama North Location

In the 1980's a number of trenches encountered anthracite, but no drilling was undertaken other than shallow auger holes. During 2016, the Company formed a joint venture with JOGMEC in order to undertake a preliminary drilling campaign (refer to ASX Announcement dated 29 August 2016 "Joint Exploration Agreement"). This campaign, over up to three years, is designed to assess the Panorama area for seams that may produce high grade and ultra-high grade anthracite products (refer Figure 2).

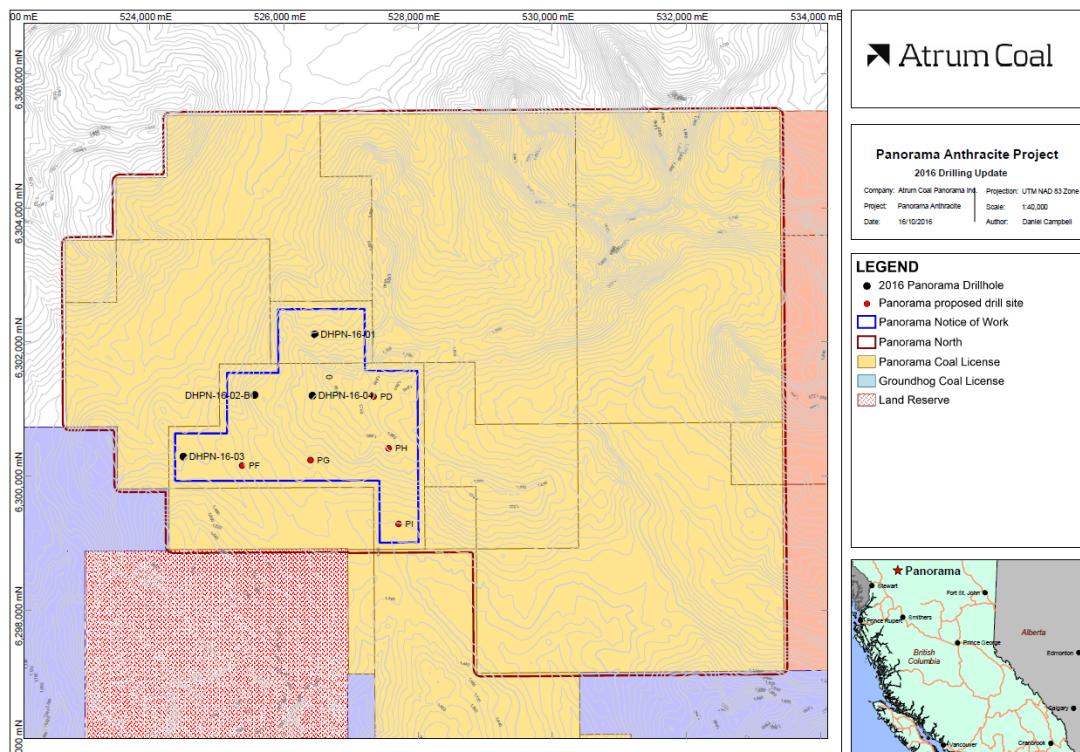


Figure 2: Panorama North 2016 Drill Hole Location

Over the month of October 2016, JOGMEC and the Company mobilised two drilling rigs and associated geophysical logging equipment to site, and conducted a preliminary drilling campaign (refer Figure 3).

JOGMEC is the Japan, Oil, Gas and Metals National Corporation. In 1967, the Japan Petroleum Development Corporation (JPDC) was established to ensure a stable supply of inexpensive oil for Japan. The Corporation was charged with promoting the exploration and development of overseas oil resources – at the time, JPDC provided the necessary funding and liability guarantees for overseas oil exploration. Natural gas was added to its scope of business in 1972. In 1978, under the new name Japan National Oil Corporation (JNOC), it commenced oil stockpiling. As a separate organisation focussed on metals mining, the Metallic Minerals Exploration Financing Agency of Japan was established in 1963 to provide loans for metals exploration. Instead of oil and gas, its role was to ensure a stable, inexpensive supply of metals to Japan. This organisation also got involved in providing financial support for controlling mine pollution caused by the metal mining industry and as a result changed its name to the Metal Mining Agency of Japan (MMAJ) in 1973. In February 2004, JNOC and MMAJ merged to form JOGMEC.

Panorama North is the first anthracite JV for JOGMEC. JOGMEC has formed three coal joint ventures in Australia, two in Canada and one in Indonesia. Japan imported approximately 6.3mt of anthracite in FY15. The key reason for JOGMEC's investment into the anthracite JV with Atrum was to ensure access to anthracite. Anthracite reserves are estimated to constitute only 1% of the world's coal reserves, and development of Panorama North would diversify the supply sources of anthracite, particularly under the recent sharp decrease of anthracite supply in the sea-borne market.



Figure 3: Drilling Rig at Panorama North

The Company and JOGMEC will now plan a further drilling campaign for Panorama North for 2017, to cover a much wider area, as the preliminary campaign was restricted to a small portion of Panorama North. Re-engagement with our Aboriginal partners in this process will also be undertaken.

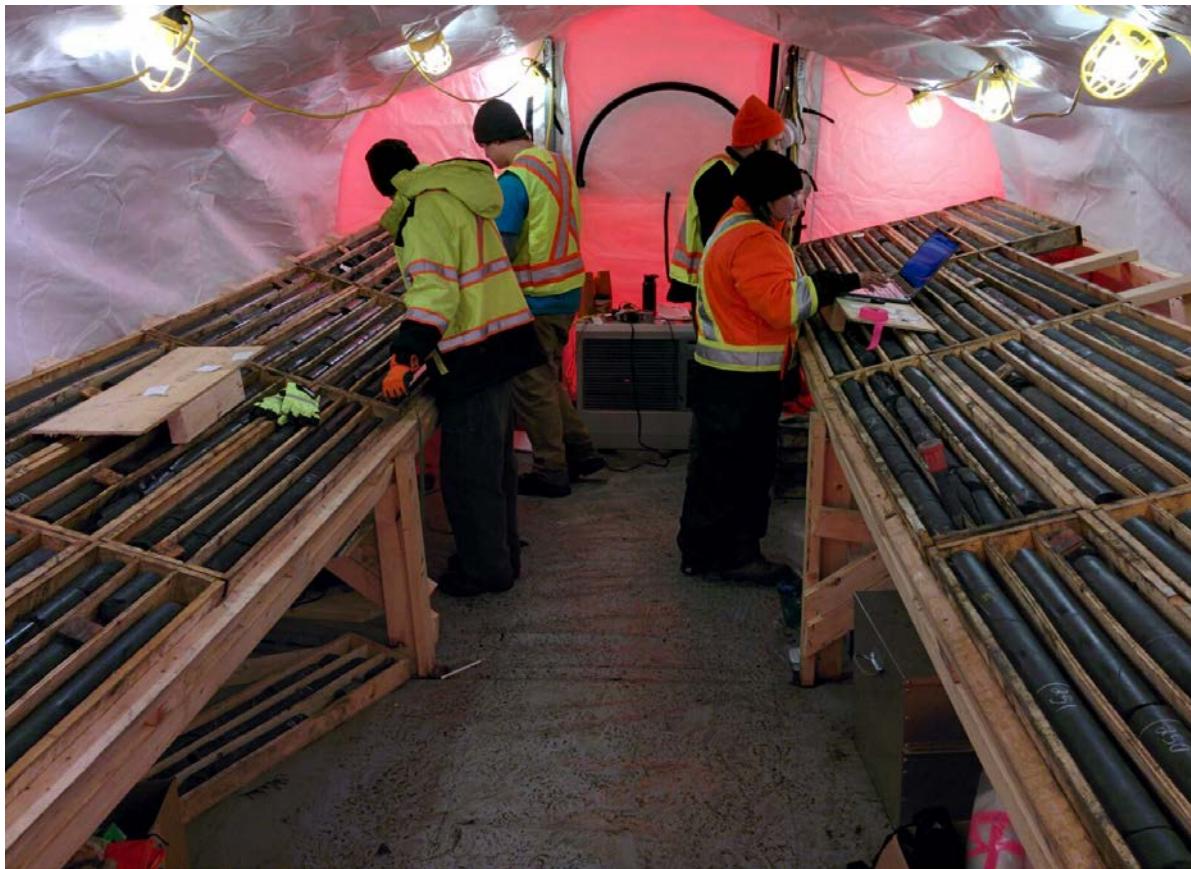


Figure 4: Exploration staff logging core at Panorama North

With metallurgical coal prices rising, steel mills are looking for cost savings in their production processes. Coke replacement with lump anthracite is an accepted method of reducing input costs for blast furnaces. The buoyant metallurgical coal market has triggered increased interest in the Company's flagship project at Groundhog North. The Company continues to assess low cost options for development of Groundhog North.

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