Atrum Coal

COAL FOR STEEL

Annual Report 2015

CORPORATE DIRECTORY

DIRECTORS

James Chisholm (Chairman)
Russell Moran (resigned 26 June 2015)
Gino D'Anna (resigned 26 June 2015)
Eric Lilford (resigned 31 October 2014)
Cameron Vorias (appointed 3 July 2014)
Steven Boulton (appointed 22 August 2014
Robert Bell (appointed 31 August 2015)
John Wasik (appointed 31 August 2015)

COMPANY SECRETARY

Gino D'Anna (resigned 11 June 2015)
Theo Renard (appointed 1 March 2015)

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AUSTRALIAN SECURITIES EXCHANGE

Atrum Coal NL shares (ATU) are listed on the Australian Securities Exchange.

Dear Shareholders

Atrum Coal NL is focused on exploring and developing anthracite in the Bowser Basin in North West British Columbia, Canada. The Company has other metallurgical coal exploration properties as well at Bowron River and a joint venture with Altitude Resources (TSXV – **ALI**) on the Elan Coking Coal Project in South Western Alberta. After significant desk-top research, the Company recently relinquished the Peace River project, which only had a 0 – 25mt exploration target.

During the financial year, the Company progressed its flagship anthracite project called Groundhog, an 800sqkm tenement package that boasts multiple outcrops of high quality anthracite. Regional drilling and further definition drilling in the Groundhog North area identified multiple areas suitable for underground mining. Historical work around Groundhog Central identified other potential mining areas, and two more bore holes in the southern area confirmed earlier drilling of anthracite seams of notable thickness from a mining perspective..

The focus of the year's work was directed toward proving up further anthracite resources, identifying additional mining domains and advancing Feasibility plans for the Groundhog North Mining Complex. A key focus of activity has been to secure a Bulk Sample Permit to allow the Company to extract trial cargoes of anthracite for potential customers. Although a number of other potential mine sites have been identified, the Company is finalising the Bulk Sample application review process with the Government, which is expected to be granted in the near future.

Value engineering has also been undertaken on the Company's plans for Groundhog North underground mine, which has identified a lower capex solution to start mining – essentially a small scale underground mine that will allow the Company to generate revenue whilst ramping-up to a larger underground mine. The movement in the exchange rate has also positively impacted the economics of the small scale mine. With the current A$/US$/CAD$ exchange rate, the drop in mining activity and consequent lower prices for mining related construction coupled with the increased competition amongst contractors, the estimated capex for the small scale underground mine has fallen to just under US$50m. Of this, US$24m would be supplied by the Company's equipment partner, CCTEG under the recently-signed equipment finance package.

The Company is updating the Pre-Feasibility study toward a Feasibility study at present to include the results of the value engineering exercise, and the expanded plans are forming the foundation for the development plan for the Groundhog North Mining Complex. A data-room is being finalised to facilitate the flow of information on the Groundhog North Mining Complex to interested funding parties – steel mills and traders, public and private equity groups and other mining companies looking for exposure to a high value resource in a low sovereign-risk country. The process of funding the development of the Groundhog Mining Complex continues, and the Company will provide updates once the Bulk Sample Permit for trial mining at Groundhog is secured.

Anthracite prices continue to remain robust despite f falling coal (coking and thermal) prices around the world, with high-grade anthracite selling for between $150/t-$175/t in Japan and Europe, and demand for anthracite remains strong. The Company is still being approached by and/or researching, potential customers in specialty markets such as speciality metals, fertilisers, chemicals and plastics manufacture, briquetting and conversion of anthracite for use in synthetic graphite markets.

Strong anthracite prices enable the project to weather initial start-up operating costs which are driven by high costs of transportation to Ridley Terminal, a journey of some 1250km by road and rail. Within the first few years of production, a dedicated haulage road to the highway leading to the deep water port of Stewart will be completed, reducing transport to just 230km, increasing resilience of our transport options, reducing transport costs, and providing options and hence security to our operations. Once this western access road is constructed, quotes from trucking operators suggests FOB cash costs (including royalties) below US$80/t should be possible for the life-of-mine to export anthracite via Stewart Port.

Regional exploration, including drilling and field mapping has identified significant anthracite resources to the south of the Groundhog North Mining Complex. Further fieldwork and desk-top analysis of historical data on the western area of Groundhog (called Panorama projects) is also very encouraging. In order to continue development, though, partners will be required. Subsequent to year-end, the Company has opened joint venture discussions on areas within Panorama (Panorama North and Panorama South) with large Asian conglomerates.

Subsequent to 30 June, the Company undertook a rights issue and placement to raise additional funds for working capital, to progress the Bulk Sample Permit, to complete the value engineering of the PFS as we work toward a Feasibility study, continue discussions with potential off-take and funding partners, pay down some of the Anglo Pacific promissory note, pursue negotiations on the exploration of Panorama North and Panorama South, negotiate a modified contract with Altitude in relation to the Elan Coking Coal project and continue developing the relationship with CCTEG. Going forward, the Company is focussed on first securing the Bulk Sample Permit, then arranging meetings with our First Nations partners to chart possible future works across Groundhog, and completing the minority stake sell-down of the Groundhog North Mining Complex. The sell-down process is expected to take some time but the Company will keep shareholders informed of progress as various milestones are achieved.

I'd like to take this opportunity to thank all of our shareholders for supporting us during a very difficult period in the Company's history. It is not often a company has had to endure what we've been through, but we have overcome those difficulties now, and remain focussed on building shareholder value through the sell-down of the Groundhog North Mining Complex and exploration of other parts of the property.

James Chisholm
Executive Chairman

Atrum Coal is an Australian-based anthracite developer and near term producer established to explore and develop metallurgical coal projects.

The principal activity of the Group is the exploration and development of its flagship high grade and ultra-high grade anthracite asset, the Groundhog Anthracite Project ("Groundhog") located in British Columbia, Canada.

Additionally the Group also has several other earlier stage exploration projects, all prospective for metallurgical coal including semi-anthracite and high grade / ultra-high grade anthracite, being the Panorama Anthracite Project, the Naskeena Coal Project and the Bowron River Coal Project Subsequent to year end, and after significant desk top research, the Company elected to relinquish the Peace River Coal Project, located in British Columbia, Canada.

Through the Company's wholly owned subsidiary, Kuro Coal Limited, the Company is also earning up to a 70% interest in the Elan Coking Coal Project, in Alberta, Canada.

The Company's flagship Groundhog Anthracite Project (**Groundhog)** is located in north-west British Columbia in close proximity to key mining services and established infrastructure including rail, power, water, roads and port. High grade anthracite is a geologically scarce commodity and the majority of well-endowed regions suffer from inadequate rail and port infrastructure or heightened sovereign risk. Western Canada provides excellent opportunities for supply diversification of high grade anthracite in a low risk jurisdiction with well-established rail and port infrastructure.

The Groundhog Project (including the Panorama Anthracite Project) comprises 45 granted coal licenses and 33 coal lease applications covering an area of approximately 81,616 hectares with a **1.57Bt JORC Measured, Indicated and Inferred resource**.

The table below provides a breakdown of the JORC resource according to the necessary classifications:

	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Groundhog Anthracite Project	16Mt	553Mt	998Mt	1,567Mt

The indicative quality specifications for the anthracite developed at the Groundhog project which is applicable to each of the resource classifications outlined above and compared to global indicative specifications is outlined below:

Anthracite Specification	Groundhog Anthracite (adb)	High-Grade Anthracite (adb)	Ultra-High Grade Anthracite (adb)	Chinese BF Coke (adb)
Moisture	1.5%	15% (max)	13% (max)	12% (max)
Ash	10%	15% (max)	12% (max)	12% (max)
Volatiles	5%	10% (max)	5% (max)	2% (max)
Fixed Carbon	83.5%	75% (min)	80% (min)	86% (min)
Sulphur	0.6%	1% (max)	0.6% (max)	0.6% (max)
HGI	65			
SE kcal/kg (gad)	7,350			
SE kcal/kg (daf)	8,300			
Classification	Ultra-High Grade & High Grade	Metallurgical & Specialty Application	Metallurgical & Specialty Application	Metallurgical Coke

The Company is progressing with the development of its Groundhog project and during the year, updated the PFS, demonstrating an extended mine life for the first underground mine in the Groundhog North Mining Complex of 38 years and an increased NPV_{10} of A$1,685m on a post-tax basis. Value engineering, the variation in the exchange rate and the general decline in mining activity in Canada leading to more competitive sub-contractor pricing has resulted in better economics, with the estimated total capital expenditure required to establish a small scale mine now just under US$50m.

The Group continues to progress its Bulk Sample Permit application for Groundhog under which the Company plans to extract up to 100,000t of high grade and ultra-high grade anthracite. This will be beneficiated to create trial cargoes for delivery to customers, and is expected to be completed in 2016.

Atrum seeks to produce high grade and ultra-high grade anthracite as well as ultra-low volatile PCI for supply to the export markets of Japan, Korea and China.

GROUNDHOG ANTHRACITE PROJECT

The Groundhog Anthracite Project (**Groundhog**) is located in the Groundhog Coalfield in north-western British Columbia, Canada. Groundhog is prospective for high grade and ultra-high grade anthracite suitable for application in the steel and ferro-alloy industries. It is located in close proximity to key mining infrastructure including rail, port, road, power and water facilities.

Anthracite is a widely used high value input in the steel manufacturing process, replacing between 10% and 30% of coke used in the blast furnace. It can also be used in the manufacture of specialty steels and alloys, electric arc furnaces, ore sintering, charge carbon, reductants and cathode pastes as an alternative to graphite.

The Groundhog Project currently contains a 1.57Bt JORC Measured, Indicated and Inferred resource, and is a high ranking anthracite deposit, capable of delivering a sub-10% ash product with ultra-low volatile content, high calorific value, low sulphurand high fixed carbon.

SUPPLEMENTARY PRE-FEASIBILITY STUDY

During the period the Group completed a Supplementary Pre-Feasibility Study (SPFS) for the Groundhog project which delivered improved economics over and above the original pre-feasibility study. The SPFS assumes a 5.4Mtpa run-of-mine (ROM) underground operation at Groundhog North, and substantially increases the mine life from 16 to 38 years.

The SPFS is based on a larger resource for the Groundhog North Mining Complex of 609Mt, comprising 156Mt measured, 193Mt indicated and 260mt inferred resources.

BULK SAMPLE AND ANTHRACITE PRODUCTION

The Company plans to undertake a bulk sample of up to 100,000 tonnes of high grade and ultra-high anthracite to deliver marketable samples to customers in Korea, Japan, Taiwan and China. Presentations have been given to local government officials and First Nation stakeholders in relation to the bulk sample permit application and the Group expects approvals in 2015.

The Company is currently progressing the Mine Development Review Committee (MDRC) process in relation to its bulk sample and special use permit which will provide the Company not only with ground access to the project site but will also allow the Company to progress with its bulk sample.

The preferred location of the bulk sample has been identified on the basis of anthracite quality, structural geology, seam thickness, shallow floor dip, ease of access and high product yield. The mine design and associated mine plan for the bulk sample is complete, utilising a simple bord and pillar mining method accessed through an adit to provide the Company with a low-capital entry to production. It is likely that the adit will double as the access point for the commencement of small scale mining and future commercial production.

EXECUTION OF OFFTAKE MARKETING MOUs

Offtake marketing Non-binding MoUs have been signed with major Japanese conglomerates for the marketing of high grade and ultra-high grade anthracite in Japan. The agreements are a key step in the competitive process to secure binding offtake and marketing agreements with tier one counterparties and the minority equity sell-down in the Groundhog North Mining Complex to fund development.

SITE OPERATIONS AND ENGINEERING

Atrum is continuing with the development of the Groundhog project following the completion of the Supplementary Pre-Feasibility Study. The Company has significantly progressed with the development of site operations, including detailed design and pre-engineering for site access, the purchase of camp facilities to accommodate up to 99 personnel during the bulk sample and small scale mining phases of the project's development. Environmental studies continue to advance including weather and climate monitoring, groundwater hydrology studies, surface / contact water analysis, hydrogeological studies, geotechnical assessments and competency, soils and terrain analysis and wildlife surveys.

MULTI MINE VISION

Atrum has long term plans to develop Groundhog to be a world class multi mine supplier of high grade and ultra-high grade anthracite products to the steel and specialty industries. This vision has been supported by regional drilling which yielded encouraging results.

Results from six drill holes on the eastern side of the rail-subgrade at Groundhog North East, indicate a high grade anthracite deposit of similar size and quality to that at Groundhog North. This area has the potential to support a standalone mine (Mine II). This area has now been included in the Groundhog North Mining Complex. Two drill holes located in the southern portion of Groundhog (immediately west of 2012 drill holes with large anthracite intersections) described as Groundhog South, also indicate potential for an additional mine development.

PANORAMA ANTHRACITE PROJECT

The Panorama Anthracite Project (**Panorama**) comprises 14 granted coal leases over an area of approximately 6,022 hectares. In addition, the Company has 16 coal lease applications covering an additional 21,948 hectares.

During the period, the Company undertook a reconnaissance exploration program at its Panorama Anthracite Project which encountered significant anthracite exposures, approximately 10km west and contiguous with the Groundhog Project.

Anthracite exposures at Panorama suggest a synclinal "bowl" structure similar to that identified on the eastern extent of the Groundhog Coalfield, contiguous with the Company's remaining coal licenses and coal license applications. A total of 96 historical trenches have been identified in the Panorama area (MMTS, 2010), identifying nine near-surface coal seams.

Aside from being an exciting opportunity in its own right, Panorama has the potential to contribute significantly to Atrum's multi-mine strategy and long term vision to become the world's largest high grade anthracite producer.

KURO COAL LIMITED

ACQUISITION OF COKING COAL PROJECT AND COMPLETION OF FIRST EXPLORATION PROGRAM

During the period, Atrum's wholly owned subsidiary Kuro Coal Limited undertook drilling at the Elan Coking Coal Project in South-Western Alberta, near the British Columbia border. The Elan Coking Coal project currently contains a JORC 2012 Indicated and Inferred Coal Resource of 146.5Mt and the Group anticipates this resource may be increased following the results from its initial exploration program completed during the period.

During the exploration program, seven drill holes were drilled comprising four diamond core and three rotary, together with seven trench sites. The program was designed to test coal quality and increase the current JORC resource at Elan.

Initial exploration results were outstanding with very thick and shallow coal intersections encountered encountered of high rank coal, with coal quality analysis indicating Elan contains mid-volatile bituminous coking coal, with RoMax of the main target seams averaging between 1.07 – 1.36..

The 2014 drill results have exceeded expectations and the Company anticipates a significant increase in JORC coal resources at Elan following final coal quality testing and further resource modelling.

The Board has elected to retain Kuro in-house for the time-being

NASKEENA ANTHRACITE PROJECT

The Naskeena Anthracite Project (**Naskeena**) is located in western British Columbia, approximately 50km from the town of Terrace and 140km from the Port of Prince Rupert. Much of this land has been relinquished. The Company is continuing desk-top research on the remaining tenements.

PEACE RIVER COAL PROJECT

After significant desk-top research, the Company recently relinquished the Peace River project, which only had a 0 – 25mt exploration target.

BOWRON RIVER COAL PROJECT

The Bowron River Project (**Bowron River**) is located 60km east of the town of Prince George and is accessible from Prince George by 50km of paved road and then by 10km of all-weather gravel road. Prince George is a large industrial and commercial hub in north central British Columbia, with scheduled commercial airline transportation. It serves as a major staging point for the transcontinental Canadian National Railway. Bowron River is prospective for PCI coals.

The Company holds a total land position of 3,750 hectares at the Bowron River.

MINERAL EXPLORATION TAX CREDIT (METC)

At 31 December 2014, the Group submitted claims for a refund under the Mineral Exploration Tax Credit ("METC") regime in Canada in relation to the year ended 31 December 2013 and half year ended 30 June 2014, totalling CAD$3,501,596. The METC is a cash-back scheme that allows exploration companies to claim one-third of their exploration-related expenses over the period. Claims are assessed and the funds paid directly into a nominated company bank account.

The Company is finalising a similar submission for all exploration-related activities conducted from 1 July 2014 through to 31 December 2014. This additional METC claim is expected to be in excess of $3.2 million.

CORPORATE

APPOINTMENT OF ROBERT BELL AS NON-EXECUTIVE DIRECTOR

On 27 July 2015, Atrum announced the appointment of Mr Robert Bell as Non-Executive Director.

Bob Bell is a qualified Mining Engineer with more than 27 years' experience in the Canadian coal industry and international coal markets. He has executive management experience with a strong focus on coal marketing and rail, port and marine logistics. In addition, he brings experience in mine planning and operations, finance and treasury, technical marketing, capital projects oversight and business development. He has a well-established presence in the Canadian coal industry and has served as Chairman of the Coal Association of Canada. He also served two terms as Chair of Neptune Bulk Terminals (Canada) Ltd. He currently serves on the boards of the Western Canadian Shippers Coalition and the Western Canadian Coal Society. In 2007, Bob was appointed Chief Commercial Officer of the coal business unit of Canada's Teck Resources, the world's second largest exporter of coking coal and was responsible for all Teck's coal marketing, logistics and commercial operations. Bob was former CEO of Ram River Coal Corporation, a Canadian company with a metallurgical coal project in Alberta, and former President and Chief Operating Officer of Pine Valley Mining Corporation.

Bob has extensive experience in transportation including negotiation of major rail and port agreements, logistics and arbitration of commercial disputes, transportation strategy, marketing strategy development, major commercial agreement negotiations with steel mills and off-take partners and general corporate development. Bob's education includes a degree in Mining Engineering from McGill University in Montreal, a Master's degree in Business Administration from Queen's University in Kingston Ontario and the Directors Education Program (ICD.D) from the Rotman School of Management/Institute of Corporate Directors

Mr Bell's employment agreement otherwise contains standard terms and conditions for agreements of this nature including notice periods in the event of termination and expense reimbursements.

APPOINTMENT OF JOHN WASIK AS NON-EXECUTIVE DIRECTOR

On 27 July 2015, Atrum announced the appointment of Mr John Wasik as Non-Executive Director.

John is currently a Non-Executive Director of Cobbora Holding Co. a permitted coal mine in NSW owned by the NSW State Government and a Non-Executive Director of Kuro Coal Ltd, a subsidiary of Atrum. John was former Non-Executive Director and Chairman of Ampcontrol Pty Ltd, a manufacturing and electrical services company in which Washington H Soul Pattinson holds a major stake. He is a graduate member of the Australian Institute of Company Directors, and holds a BSc in Minerals Exploitation. John has worked in the mining sector for 40 years. He was Group Executive for Peabody Energy Corporation's Southwest Operations in North America for five years overseeing more than 20Mtpa of coal production in Arizona, New Mexico and Colorado. This included establishing a highwall mining division within Peabody which operated in the Rocky Mountains of Colorado. Prior to this, John was General Manager of Peabody's 6Mtpa Ravensworth/Narama mines for seven years and previously held the position of Mine Manager at both Ravensworth and Warkwoth mines. He has a track record of developing major projects, from exploration of new resources to justification, development and operation of new mines and major mine expansions. John will work with the other Non-Executive Directors to guide the Company as it moves from explorer to developer.

Mr Wasik's employment agreement otherwise contains standard terms and conditions for agreements of this nature including notice periods in the event of termination and expense reimbursements

OFFSET LOAN AGREEMENT WITH CHAIRMAN

On 30 July 2013, Atrum announced that it has executed an Offset Loan Agreement ("Loan Agreement") with Lenark Pty Ltd ("Lenark"), an entity associated with Chairman Mr James Chisholm, providing a limit of $2,681,427 effective from 30 June 2014.

The facility accrues capitalised interest at a rate of 6% per annum (increased to 10% on the 23rd February 2015) and matures on the date by which the partly paid shares have been converted to fully paid ordinary shares or 31 December 2016, whichever occurs first. The funds advanced under the Loan Agreement can either be repaid in cash, converted to fully paid shares, or a combination of both at the election of the Company.

In accordance with the Corporations Act 2001 (Cth), funds advanced under the Loan Agreement can be used to offset the outstanding balance owing against the partly paid shares on 30 June and 31 December of each year, subject to the voting power of Lenark not increasing by more than 3% per 6 month period as a result of the conversion to fully paid ordinary shares.

Funds advanced pursuant to the Loan Agreement will be applied to the ongoing development of the Groundhog Anthracite Project as the Company continues to progress the pre-feasibility study.

On 30 September 2013, the Company entered into a variation to the Offset Loan Agreement in place with Lenark Pty Ltd. Pursuant to the variation that was executed, Lenark Pty Ltd increased the credit available pursuant to the Offset Loan Agreement by an additional $2 million. Over the course of the financial year, a total of $2,473,766 was drawn down against the loan, and at 30 June a total of $2,207,661 remained This facility remains open to the Company.

DIRECTORS

The names of the directors of the Company in office during the period and up to the date of this report are as follows:

James Chisholm	Executive Chairman (appointed 25 October 2011)
Russell Moran	Executive Director (resigned 26 June 2015)
Gino D'Anna	Executive Director and Company Secretary (resigned 26 June 2015 and 11th June 2015 respectively)
Eric Lilford	Managing Director (resigned 31 October 2014)
Cameron Vorias	Non-Executive Director (appointed 3 July 2014)
Steven Boulton	Non-Executive Director (appointed 22 August 2014)
Robert Bell	Non-Executive Director (appointed 31 August 2015)
John Wasik	Non-Executive Director (appointed 31 August 2015)

Directors remain appointed as at the date of this report unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each director are as follows:

James Chisholm – Executive Chairman

James Chisholm is a qualified engineer, holding a degree in electrical engineering, who has worked in the engineering and mining sectors for the past 28 years, initially in engineering, then management, then M&A roles. James co-founded The Chairmen1 Pty Ltd (which is the largest shareholder of Guildford Coal Limited ASX: GUF), Ebony Iron Pty Ltd (now part of Strategic Minerals PLC, AIM: SML), Fertoz Limited (ASX: FTZ) and Ebony Energy Limited.

Mr Chisholm is currently chairman of ASX listed Fertoz Limited (ASX: FTZ) and is currently a director of unlisted Ebony Coal Limited.

Mr Chisholm was not a director of any other publicly listed companies in the last three years.

As at 30 September 2015, Mr Chisholm has an indirect holding of 38,662,266 fully paid ordinary shares through Lenark Pty Ltd and an indirect holding of 74,118 fully paid ordinary shares through Bucket Super Ltd in the Company and 750,000 performance rights in the Company.

Russell Moran – Executive Director (resigned 26 June 2015)

Russell Moran has specific experience in mining transaction management, capital raisings, public reconstructions and recapitalisations, and strategic business development. He has provided a range of consulting services to private and ASX listed companies.

Mr Moran is currently Non-Executive Director of unlisted Ebony Energy Limited, Executive Chairman of unlisted BC Anthracite NL, and Director of unlisted Durus Copper Limited.

Mr Moran was not a director of any other publicly listed companies in the last three years.

Mr Moran held 35,008,577 fully paid ordinary shares in the Company together with an additional 2,761,600 partly paid ordinary shares and 750,000 performance rights as at 26 June 2015.

Gino D'Anna – Executive Director and Company Secretary (resigned 26th June 2015)

Mr D'Anna was formerly Executive Director of ASX Listed Ferrum Crescent Limited (ASX: FCR), ASX Listed ZYL Limited (ASX: ZYL), ASX Listed Auroch Resources Limited (ASX: AOU) and ASX Listed SWW Energy Limited (ASX: SWW) within the last three years.

Mr D'Anna is a current Director of unlisted Durus Copper Limited, Executive Chairman of unlisted BC Anthracite NL, and former Director of FerroAlloy Limited.

Mr D'Anna was not a director of any other publicly listed companies in the last three years.

Mr D'Anna holds a Bachelor of Commerce (Honors) from UWA and an Advanced Diploma of Applied Finance and Investment from Kaplan.

Mr D'Anna held 11,885,000 fully paid ordinary shares in the Company and 750,000 performance rights as at 26 June 2015.

Eric Lilford –Managing Director (resigned 31 October 2014)

Dr Eric Lilford was formerly Chairman of Segue Resources Ltd (ASX: SEG) and Managing Director of ZYL Limited (ASX: ZYL) where he was responsible for developing anthracite coal projects in South Africa. Prior to this, he held the positions of National Head of Mining and was a Corporate Finance Partner at Deloitte Touche Tohmatsu.

Dr Lilford has over 27 years of operational and investment banking experience across the global resources sector, including mine production experience at gold, platinum, copper and coal mines. Dr Lilford was Director of Project and Business Development at BSGR, where he managed aspects of a large copper-cobalt mine and refinery in Zambia. Additionally, he has open pit and underground production experience at Randcoal Limited's Rietspruit and Khutala coal mines.

Dr Lilford's experience also includes the completion of prefeasibility and bankable feasibility studies in numerous jurisdictions, mine production as well as corporate advisory and debt arranging for mining companies. Dr Lilford jointly managed the bankable feasibility study of the Nikanor Plc copper and cobalt project in the DRC and was appointed Non-Executive Director of AIM-listed Nikanor, a role he relinquished on emigration to Australia.

Dr Lilford was also previously the Corporate Development Director for Calibre Global. He holds a PhD (Mineral Economics), NHD (Coal Mining), BSc and MSc Eng (Mining) and is a member of the AICD.

Over the past three years, Dr Lilford has been on the board of ASX Listed ZYL Limited (ASX: ZYL) and ASX Listed Segue Resources Limited (ASX: SEG).

Dr Lilford is a current Director of ASX Listed Naracoota Resources Limited (ASX: NRR). Dr Lilford was not a director of any other publicly listed companies in the last three years.

Dr Lilford held 1,331,250 fully paid ordinary shares in the Company and 800,000 performance rights as at 31 October 2014.

Cameron Vorias – Non Executive Director (Appointed 3 July 2014)

Mr Vorias has in excess of 30 years operational experience in the mining industry including underground and open cut metallurgical coal mining and large scale hematite iron ore operations. He has a solid track record in new mine development, resource management and risk management. He has worked around the world including Autralia, South Africa, Venezuela, China, Alaska USA and Indonesia.

Mr Vorias started his career with BHP Iron Ore in Mount Newman as a mining engineer where he was responsible for open cut planning and operations before moving to work for Shell International in London as the business development and project acquisition manager with responsibility for the acquisition of the Paso Diablo and Socuy mines in Venezuela.

Mr Vorias was previously General Manager for New Hope Coal where he constructed and operated the New Acland Mine near Toowoomba, Queensland, producing 7Mtpa run-of-mine coal and employing approximately 200 people. He was also previously General Manager (Queensland Operations) for Excel Coal where he developed and commissioned the $350M "Millennium" coal mine in central Queensland, employing approximately 300 people and producing 1.5Mt of product in the first year of operation. He held the position of Chief Operating Officer (Queensland) for Peabody Energy Australia where he managed six large underground and open cut coal mining operations which generated in excess of US$1.8n in revenue annually and employed 1,500 people.

Mr Vorias is currently Managing Director and Chief Executive Officer of Sojitz Coal Mining Pty Ltd. In this role, he is responsible for the management of a large open cut coal mine. As well, he is currently reviewing a number of new Australian business opportunities on behalf of Sojitz.

Mr Vorias is also currently a Non-Executive Director of Coal of Queensland Pty Ltd, an emerging coking coal mining company in Queensland.

As at 30 September 2015, Mr Vorias holds zero fully paid ordinary shares in the Company and 60,000 performance rights.

Steven Boulton – Non Executive Director (Appointed 22 August 2014)

Mr Steven Boulton, MTM, BBus, FAICD, FAIM, CAHRI has in excess of 35 years' operational and investment experience in major infrastructure projects, including ports, rail, roads, airports and utilities. He is one of Australia's leading infrastructure executives and currently serves as Managing Director at CP2, an Australian based infrastructure investment and asset manager.

He has previously performed in a number of major infrastructure advisory roles:

- Chief Executive Officer – Allgas Energy Ltd (gas transmission/distribution utility)
- Chief Executive Officer – Powerco Limited (NZ's 2nd largest electricity/gas distribution enterprise)

- Chief Executive Officer – Prime/BBI Infrastructure ($3.7 billion infrastructure fund)
- Chief Executive Officer – Hastings Funds Management ($7 billion infrastructure fund)
- Executive Director – Australian Pacific Airports Corporation
- Executive Chairman – Dalrymple Bay Coal Terminal (one of the world's largest coal export facilities)
- Executive Chairman – PD Ports (UK's 2nd largest commodity seaport)
- Executive Chairman – WestNet Rail (WA rail network)
- Executive Chairman – International Energy Group (UK's 2nd largest independent last-mile gas utility)
- Non-Executive Director – Port of Brisbane Pty Ltd
- Non-Executive Director – Infrastructure Partnerships Australia
- Non-Executive Director – The Australian Infrastructure Fund

Steve is a seasoned fund and asset management executive having held CEO/MD roles with CP2, Hastings Funds Management, BBI/Prime, Powerco NZ and Allgas over his 35 year career in the infrastructure and utility sectors. Assets managed in these entities included electricity, gas and water transmission/distribution, seaports, airports, power generation and road/rail networks.

Steve has held positions as Chairman/Director on a range of entities on behalf of investors and Chaired an infrastructure fund manager Investment Committee. He has led multiple M&A processes with exposure to both equity and debt capital markets.

Steve holds a Graduate Diploma in Applied Corporate Governance, a Masters of Technology Management and a double major Bachelor of Business. Steve is a Fellow member of the Australian Institute of Management, Australian Institute of Company Directors, Governance Institute of Australia, Chartered Institute of Secretaries and a Certified member of the Australian Human Resources Institute.

Mr Boulton will assist the Board deliver a low cost infrastructure strategy in the initial stages of production at Groundhog. Longer term he will help the Company navigate a range of off-balance sheet options to infrastructure expansion funding (rail, port, power), which would be required to facilitate a multi-mine strategy.

As at 30 September 2015, Mr Boulton holds zero fully paid ordinary shares in the Company and 60,000 performance rights.

CORPORATE INFORMATION

Corporate Structure

Atrum is a no liability company that is incorporated and domiciled in Australia.

Nature of Operations and Principal Activities

The principal continuing activities during the period, of entities within the Group was anthracite exploration and development in British Columbia, Canada.

OPERATING AND FINANCIAL REVIEW

Review of Operations

A review of operations for the period, and the results of those operations is contained within the company review.

Operating Results

Consolidated loss after income tax for the period was $19,206,333 (2014: $19,112,728).

Financial Position

At 30 June 2015, the Group had cash reserves of $253,058 (2014: $10,322,567).

Additionally, pursuant to an Offset Loan Agreement with Lenark Pty Ltd, a related entity of Chairman, Mr. James Chisholm, the Company has, subject to the approval of any cash calls by Lenark, with a facility limit of $4,681,927.

Financing and Investing Activities

On 18 August 2014, a total of 700,000 Fully Paid Ordinary Shares were issued pursuant to the exercise of 700,000 options each with an exercise price of 30 cents per share – total consideration paid equal to $210,000.

On 2 September 2014, the Company issued 1,000,000 fully paid ordinary shares to satisfy the Company's obligations pursuant to the Licence Agreement between Anglo Pacific PLC, Panorama Coal Corporation and Atrum Coal Groundhog Inc.

On 15 September 2014, a total of 135,000 Fully Paid Ordinary Shares were issued pursuant to the exercise of 135,000 options each with an exercise price of 30 cents per share – total consideration paid equal to $40,500.

Between 7 and 11 November 2014, a total of 30,000 Fully Paid Ordinary Shares were issued pursuant to the exercise of 30,000 options each with an exercise price of 30 cents per share – total consideration paid equal to $9,000. The Company completed a A$7,984,448m private placement, 6,653,717 million new shares were issued.

On 1 May 2015, 50,000 fully paid ordinary shares were issued pursuant to the Groundhong Advanced Royalty payment payable to the Brooks Syndicate according to the terms and conditions of the Groundhog Acquisition Agreement signed on 11 February 2012.

At year end, the offset loan facility with Lenark Pty Ltd, a related party of Mr James Chisholm, remains available to the Company (subject to certain restrictions), providing additional financing capacity of $2.2 million.

Dividends

No dividends were paid during the period and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the period are detailed in the Company review.

Other than as disclosed, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the financial report.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Entitlement Offer and Placement

On 17 August 2015 The Company closed an Entitlement Offer and raised approximately $5 million in total. Eligible shareholders subscribed for approximately 9.8 million new shares (representing approximately $5 million under the Entitlement Offer).

The balance of approximately 0.15 million new shares (representing approximately $0.08 million) in respect of which entitlements were not taken up by Eligible shareholders were be allocated to the underwriter, by Blackwood Capital Pty Ltd.

On 3 September 2015, The Company completed a A$3m institutional investor discretionary placement on the same terms as the prior Entitlement Issue. Approximately 6 million new shares were issued.

Appointment of John Wasik

On 31 August 2015, the Company appointed Mr John Wasik as a Non-Executive Director. Mr Wasik is a highly experienced coal specialist, John is currently a Non-Executive Director of Cobbora Holding Co. a permitted coal mine in NSW owned by the NSW State Government and a Non-Executive Director of Kuro Coal Ltd, a subsidiary of Atrum.

Appointment of Robert Bell

On 31 August 2015, the Company appointed Mr Robert Bell as a Non-Executive Director. Bob Bell is a qualified Mining Engineer with more than 27 years' experience in the Canadian coal industry and international coal markets.

Anglo Pacific Coal Licence Acquisition – Promissory Note

Subsequent to the end of the financial year, the Company extended the Promissory Note signed with Panorama Coal Corporation, a subsidiary of Anglo Pacific PLC ("Anglo Pacific") (LSE: APF, TSX: APY).

Material terms of the extension included a US$100,000 extension fee, an issue of 200,000 fully paid ordinary shares and the issue of 1,150,000 two year $0.80 options.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the Projects as more particularly outlined in the company review. The Company will also continue to pursue other potential investment opportunities to enhance shareholder value.

The Company continues with the ongoing development at the Groundhog Anthracite Project following completion of the SPFS across the north-west zone of Groundhog.

MEETINGS OF DIRECTORS

The numbers of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director were as follows:

	2015 Board of Directors		2014 Board of Directors	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Chisholm	8	8	8	8
R Moran	8	8	8	8
G D'Anna	8	8	8	8
E Lilford (appointed as md 8 July 2013)	N/A	N/A	8	8
Steve Boulton	8	8	-	-
Cameron Vorias	8	8	-	-

Outside of the above meetings of directors, the Company conducted its directors meetings and resolved certain corporate matters via circular resolutions of directors.

REMUNERATION REPORT (AUDITED)

The directors are pleased to present Atrum Coal NL's 2015 remuneration report which sets out the remuneration information for the company's non-executive directors, executive directors and other key management personnel.

This report details the nature and amount of remuneration for each director and executive of Atrum Coal NL. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "executive" includes those key management personnel who are not directors of the parent company.

The report contains the following sections:

(a) Key management personnel disclosed in this report
(b) Remuneration governance
(c) Use of remuneration consultants
(d) Executive remuneration policy and framework
(e) Relationship between remuneration and Atrum Coal NL's performance
(f) Non-executive director remuneration policy
(g) Voting and comments made at the Company's 2014 Annual General Meeting
(h) Details of remuneration
(i) Service agreements
(j) Details of share-based compensation and bonuses
(k) Equity instruments held by key management personnel
(l) Loans to key management personnel
(m) Other transactions with key management personnel

The KMP's covered in this report include:

1.	James Chisholm	Chairman
2.	Eric Lilford	Managing Director (resigned 31 October 2014)
3.	Russell Moran	Executive Director (resigned 26 June 2015)
4.	Gino D'Anna	Executive Director / Company Secretary (resigned 26 June 2015)
5.	Cameron Vorias	Non-Executive Director (appointed 3 July 2014)
6.	Steve Boulton	Non-Executive Director (appointed 22 August 2014)

Changes since the end of the reporting period:

1.	Robert Bell	Non-Executive Director (appointed 31 August 2015)
2.	John Wasik	Non-Executive Director (appointed 31 August 2015)

REMUNERATION REPORT (AUDITED) (CONT.)

REMUNERATION GOVERNANCE

Remuneration Committee

The full Board carries out the roles and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice. No independent advice has been sought by the Company during the respective financial year in relation to remuneration structure and levels.

A. Remuneration policy

The Board policy is to remunerate directors at market rates for time, commitment and responsibilities. The Board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in a general meeting, from time to time. The current maximum aggregate amount as approved by shareholders at the Company's general meeting held on 20 April 2012 is $250,000 per annum. However, to align directors' interests with shareholders interests, the directors are encouraged to hold shares and options in the company.

The Company's aim is to remunerate at a level that reflects the size and nature of the Company. Company officers and directors are remunerated to a level consistent with the size of the Company.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with its remuneration policy, the Company granted performance rights to Key Management Personnel and Employees as disclosed in Part D of this remuneration report.

B. Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination approved by shareholders on 20 April 2012 was an aggregate compensation of $250,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options and/or performance rights, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules. At the date of this report the Company had not engaged remuneration consultants.

REMUNERATION REPORT (AUDITED) (CONT.)

Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles. At the date of this report the Company had not engaged remuneration consultants.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay – Short Term Incentives

The purpose of the short term incentive plan is to reward achievement of business objectives on a year by year basis. Each financial year the board, in conjunction with senior management, sets the business objectives aimed to be achieved during the year to implement the Company's business plan.

The business objectives are clearly defined outcomes in product development and commercialisation, achievement of which can be readily and objectively measured at the end of the financial year. Measurement of achievement of the business objectives also involves comparison with factors external to the Company.

No remuneration linked to short term incentives have been issued to date.

Variable Pay — Long Term Incentives

The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

Variable Pay — Long Term Incentives – Performance Rights

The Company has implemented a Performance Rights Plan for the Directors, Key Management and Staff. The objective of the Performance Rights Plan is to align the interests of all personnel involved in the operations of the Company and to reward them for the achievement of milestones relating to market and non-market objectives. Please refer to Section D for further information on the milestones set in relation to the Performance Rights Plan.

REMUNERATION REPORT (AUDITED) (CONT.)

C. Employment contracts and service agreements of directors and senior executives

The employment arrangements of the directors are contained in formal letters of appointment, and in the case of Executive Directors, contracts for services. Included in these contracts, amongst other things, are reference to the performance rights plan and participation.

The contract details of each of the Key Management Personnel are as follows:

Eric Lilford – Managing Director (resigned 31 October 2014)

Agreement Commenced:	8 July 2013
Term of Agreement:	12 months, able to be extended by mutual agreement
Details:	Fees of $12,000 (excluding GST and directors fees) per month for a minimum 12 days per month, reviewed annually by the Board. Additional days worked at $1,000 per day. Amended to $27,000 per month (excluding GST and directors fees) effective 1 October 2013 terminated 25 October 2014. 3 Months termination notice by either party 800,000 Performance rights (Classes 7 and 8) which have been cancelled as at the date of this report.

Russell Moran – Executive Director

Agreement Commenced:	30 January 2012 (resigned 26 June 2015)
Term of Agreement:	2 years, able to be extended by mutual agreement
Details:	Fees of $15,000 (excluding GST) per month, inclusive of directors fees for a minimum 15 days per month, reviewed annually by the Board. Additional days worked at $1,000 per day. Fees will not reduce solely by virtue of Mr Moran ceasing to be a director of the Company. 3 Months termination notice by either party 750,000 Performance rights (Classes 7 and 8) which have been forfeited as at the date of this report.

Gino D'Anna – Executive Director

Agreement Commenced:	30 January 2012 (resigned 26 June 2015)
Term of Agreement:	2 years, able to be extended by mutual agreement
Details:	Fees of $12,500 (excluding GST) per month, inclusive of directors fees for a minimum 15 days per month, reviewed annually by the Board. Additional days worked at $833 per day. Fees will not reduce solely by virtue of Mr D'Anna ceasing to be a director of the Company. 3 Months termination notice by either party 750,000 Performance rights (Classes 7 and 8) which have been forfeited as at the date of this report.

James Chisholm – Executive Chairman

Agreement Commenced:	22 September 2015
Term of Agreement:	2 years, able to be extended by mutual agreement
Details:	Fees of $15,000 CAD (excluding GST) per month, inclusive of directors fees for a minimum 15 days per month, reviewed annually by the Board. Additional days worked at $1,000 per day. 3 Months termination notice by either party. 750,000 Performance rights (Classes 7 and 8).

All amounts are in Australian Dollars unless specified.

REMUNERATION REPORT (AUDITED) (CONT.)

D. Details of remuneration for the year

Remuneration

Details of the remuneration of each Director and named executive officer of the Company, including their personally-related entities, during the period was as follows:

		Short Term Benefits	Post Employment	Share Based Payments		Performance related	
	Year	Salary and fees (includes Directors Fees) $	Superannuation $	Performance Rights $	Total $	Fixed %	LTI %
Directors							
J Chisholm	2015	174,750	-	3,646	**178,396**	97.96%	2.04%
R Moran(2)	2015	250,000	-	3,646	**253,646**	98.56%	1.44%
G D'Anna(2)	2015	228,418	-	3,646	**232,064**	98.43%	1.57%
E Lilford (1)	2015	90,000	-	-	**90,000**	100%	-
Cameron Vorias(3)	2015	36,000	3,420	-	**39,420**	100%	-
Steve Boulton(4)	2015	30,750	-	-	**30,750**	100%	-
Total	**2015**	**809,918**	**3,420**	**10,938**	**824,276**	**98.67%**	**1.33%**

(1) Resigned as Managing Director on 31 October 2014
(2) Resigned as Executive Directors on 26 June 2015
(3) Appointed as Non-Executive Directors on 3 July 2014
(4) Appointed as Non-Executive Director on 22 August 2014

John Wasik and Robert Bell have been appointed non-executive directors of the Company subsequent to the end of the 2015 financial year and as such there have been no payments made to these directors.

		Short Term Benefits	Post Employment	Share Based Payments		Performance related	
	Year	Salary and fees (includes Directors Fees) $	Superannuation $	Performance Rights $	Total $	Fixed %	LTI %
Directors							
J Chisholm	2014	36,000	-	28,646	**64,646**	55.69%	44.31%
R Moran	2014	313,000	-	29,839	**342,839**	91.30%	8.70%
G D'Anna	2014	246,305	-	29,839	**276,144**	89.19%	10.81%
E Lilford(1)	2014	336,500	-	226,634	**563,134**	59.75%	40.25%
Total	**2014**	**931,805**	**-**	**314,958**	**1,246,763**	**74.74%**	**25.26%**

(1) Appointed as Managing Director on 8 July 2013

REMUNERATION REPORT (AUDITED) (CONT.)

Details of Performance Rights:

(i) Terms and conditions of each grant affecting directors remuneration in the current and future reporting periods as follows:

Grant Date	Performance Right Class	Vesting Period [(1)] (Years)	Expiry	Value per right [(2)]	Performance condition achieved?	% Vested [(3)]
1/01/2012	3	-	N/A	$0.08	Yes	100%
1/01/2012	5	2	N/A	$0.05	Yes	100%
1/01/2012	6	2	N/A	$0.05	Yes	100%
1/01/2012	7	-	N/A	$0.05	No	0%
1/01/2012	8	-	N/A	$0.08	No	0%
30/01/2013	3	-	N/A	$0.34	Yes	100%
30/01/2013	5	2	N/A	$0.33	Yes	100%
30/01/2013	6	2	N/A	$0.32	Yes	100%
30/01/2013	7	-	N/A	$0.05	No	0%
30/01/2013	8	-	N/A	$0.08	No	0%
3/07/2014	7	-	N/A	$1.71	No	0%
3/07/2014	8	-	N/A	$1.71	No	0%
3/07/2014	9	-	N/A	$1.71	No	0%
3/07/2014	10	-	N/A	$1.71	No	0%
3/07/2014	11	-	N/A	$1.71	No	0%
3/07/2014	13	-	N/A	$1.71	No	0%
4/09/2014	7	-	N/A	$1.51	No	0%
4/09/2014	8	-	N/A	$1.51	No	0%
4/09/2014	9	-	N/A	$1.51	No	0%
4/09/2014	10	-	N/A	$1.51	No	0%
4/09/2014	11	-	N/A	$1.51	No	0%
4/09/2014	13	-	N/A	$1.51	No	0%

1) Vesting probability is assessed at grant date as being 0% for the non-market conditions. 0% indicates no expense will be recognised until the performance condition is met. Probabilities are re-assessed at each reporting period.
2) The value of performance rights with non-market conditions is based on the share price at the date of grant. The value of performance rights with market conditions is calculated using a Hoadley Barrier valuation methodology.
3) Once the performance right conditions were achieved, the shares issued upon exercise of the rights were held in escrow until 24 July 2014. No rights vested during the 2015 financial year.

REMUNERATION REPORT (AUDITED) (CONT.)

Details of Performance Right Vesting Conditions

The vesting conditions relating to each class of performance rights are set out below:

Class 3: Performance Rights will convert into Shares upon the achievement of a JORC Measured Mineral Resource of not less than 50Mt of metallurgical coal over the projects in which the Company has a beneficial interest;

Class 5: Performance Rights will convert into Shares upon the VWAP of the Company's Shares as traded on ASX over 20 days being equal to or exceeding 90 cents;

Class 6: Performance Rights will convert into Shares upon the VWAP of the Company's Shares as traded on ASX over 20 days being equal to or exceeding $1.20;

Class 7: Performance Rights will convert into Shares upon the Company completing a positive BFS at any of the projects the Company's has a beneficial interest in; and

Class 8: Performance Rights will convert into Shares upon the Company successfully securing a binding unconditional off-take agreement with a suitable party as agreed by the Company in respect of any of the projects in which the Company has a beneficial interest.

Class 9: Performance Rights will convert into Shares upon the achievement of a JORC Mineral Reserve of not less than 50Mt of metallurgical coal over the projects in which the Company has a beneficial interest;

Class 10: Performance Rights will convert into Shares upon the VWAP of the Company's shares as traded on ASX over 20 days being equal to or exceeding $2.25;

Class 11: Performance Rights will convert into Shares upon the VWAP of the Company's shares as traded on ASX over 20 days being equal to or exceeding $2.75;

Class 12: Performance Rights will convert into Shares upon the completion of a positive pre-feasibility study at the Groundhog Anthracite Project.

Class 13: Performance Rights will convert into Shares upon the Company successfully completing the first truckload of anthracite from the bulk sample at the Groundhog Anthracite Project at the mine gate.

Class 14: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 125,000 tonnes from the Groundhog Anthracite Project.

Class 15: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 750,000 tonnes from the Groundhog Anthracite Project.

Class 16: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 1,500,000 tonnes from the Groundhog Anthracite Project.

Class 17: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 2,500,000 tonnes from the Groundhog Anthracite Project.

Class 18: Performance Rights will convert into Shares upon completion of a strategic financing by the Company with which the holder has played a material role in completing.

Class 19: Performance Rights will convert into Shares upon approval of a small scale mining permit.

Class 20: Performance Rights will convert into Shares upon approval of a full scale mining permit.

Performance rights granted carry no dividend or voting rights. When vesting conditions relative to the performance right are met and the performance right is exercised, each performance right entitles the holder to be issued 1 ordinary share for nil consideration.

REMUNERATION REPORT (AUDITED) (CONT.)

(ii) Details of the performance rights movements for each Key Management Person:

The number of Performance Rights held during the financial year by each director of Atrum Coal NL and other key management personnel of the Group, including their personally related parties, is set out below.

	Balance at the start of the year	Granted as remuneration	Disposed / Lapsed / Forfeited	Vested and Exercised	Balance at the end of the year (3)
Year ended 30 June 2015					
Directors					
James Chisholm	750,000	-	-	-	750,000
Russell Moran (1)	750,000	-	(750,000)	-	-
Gino D'Anna (1)	750,000	-	(750,000)	-	-
Eric Lilford (2)	800,000	-	(800,000)		-
Steven Boulton	-	60,000	-	-	60,000
Cameron Vorias	-	60,000	-	-	60,000
	3,050,000	**120,000**	**(2,300,000)**	**-**	**870,000**

(1) On 26 June 2015, 1,500,000 Performance Rights were forfeited following the resignation of Mr. Russell Moran and Mr Gino D'Anna due to the service condition contained within the rights agreements.
(2) On 31 October 2014, 800,000 Performance Rights were forfeited following the resignation of Dr. Eric Lilford as Managing Director of the Company.

No performance rights vested during the financial year.

Details of performance rights affecting the value of Key Management Personnel remuneration during the year are:

KMP	Year of grant	# performance rights granted: Market based (Class 4, 5, 6, 10, 11)	# performance rights granted: Non-market based(Class 1, 2, 3, 7, 8, 9, 13)	TOTAL	Total value at grant date 1	No. of rights vested during prior years	No. of rights vested during the year	Total rights vested to date	No. of rights forfeited during the year	Vested %	Maximum yet to vest
James Chisholm	2012	937,500	1,687,500	2,625,000	$185,000	(1,875,000)	-	(1,875,000)	-	71%	$60,000
Russell Moran	2012	937,500	1,687,500	2,625,000	$185,000	(1,875,000)	-	(1,875,000)	(750,000)	N/A	-
Gino D'Anna	2012	937,500	1,687,500	2,625,000	$185,000	(1,875,000)	-	(1,875,000)	(750,000)	N/A	-
Eric Lilford	2012	281,250	506,250	787,500	$55,000	(562,500)	-	(787,500)	(225,000)	100%	-
Eric Lilford	2013	512,500	831,250	1,343,750	$447,682	(768,750)	-	(1,343,750)	(575,000)	100%	-
Cameron Vorias	2014	20,000	40,000	60,000	$70,965	-	-	-	-	0%	$70,965
Steven Boulton	2014	20,000	40,000	60,000	$62,665	-	-	-	-	0%	$62,665
Total		**3,646,250**	**6,480,000**	**10,126,250**	**$1,191,312**	**(6,956,250)**	**-**	**(7,756,250)**	**(2,300,000)**		**$193,630**

1) Value based on grant date value per performance right and class as disclosed above.
2) The value of rights forfeited is nil due to no expense being recognised for unvested non-market conditions rights and prior expense recognised for rights for market conditions are not allowed to be reversed under the accounting standards AASB2.

The fair value of these Performance Rights was calculated by using a probability based valuation methodology with reference to the share price at the grant date to issue the Performance Rights. Key valuation assumptions made at grant date to determine the fair market value of the Performance Rights at valuation date is as follows:

REMUNERATION REPORT (AUDITED) (CONT.)

Details of Performance Rights Continued:

2015 Date Issued	Class	Number Issued	Value Per Right	Probability at grant date	Condition	Total Value	Vesting Period (Years)	Value Vested Current Period	Value Not Vested
1/7/14	Class 7	60,000	$1.710	10%	Non-market	$10,260	3	$3,408	$6,852
1/7/14	Class 8	60,000	$1.710	50%	Non-market	$51,300	2	$25,580	$25,720
1/7/14	Class 9	60,000	$1.710	80%	Non-market	$82,080	1	$81,855	$225
1/7/14	Class 10	60,000	$1.6673	N/A	Market	$100,035	1	$99,761	$274
1/7/14	Class 11	60,000	$1.6245	N/A	Market	$97,470	2	$48,601	$48,869
1/7/14	Class 13	60,000	$1.710	75%	Non-market	$76,950	2	$38,370	$38,580
1/7/14	Class 19	100,000	$1.710	50%	Non-market	$85,500	2	$42,633	$42,867
1/7/14	Class 20	100,000	$1.710	50%	Non-market	$85,500	4	$21,316	$64,184
1/7/14	Class 7	50,000	$1.510	10%	Non-market	$7,550	3	$2,060	$5,490
1/7/14	Class 8	50,000	$1.510	50%	Non-market	$37,750	2	$15,462	$22,288
1/7/14	Class 9	50,000	$1.510	80%	Non-market	$60,400	1	$49,478	$10,922
1/7/14	Class 10	50,000	$1.4345	N/A	Market	$71,725	1	$58,756	$12,969
1/7/14	Class 11	50,000	$1.3590	N/A	Market	$67,950	2	$27,832	$40,118
1/7/14	Class 13	50,000	$1.510	75%	Non-market	$56,625	2	$23,193	$33,432
1/7/14	Class 19	30,000	$1.510	50%	Non-market	$22,650	2	$9,277	$13,373
1/7/14	Class 20	30,000	$1.510	50%	Non-market	$22,650	4	$4,639	$18,011
		920,000				$936,395		$552,220	$384,175

REMUNERATION REPORT (AUDITED) (CONT.)

E. Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

Ordinary Shareholding (Fully and Partly Paid)	Balance at the start of the year	Issued on exercise of performance rights	Additions	Disposals	Balance at the end of the year
Year ended 30 June 2015					
Directors					
James Chisholm	36,448,500	-	125,000	-	36,573,500
Russell Moran	35,663,500	-	-	(654,923)	35,008,577
Gino D'Anna	11,885,000	-	-	-	11,885,000
Eric Lilford	1,331,250	-	-	(1,331,250)	-
Total	**85,328,250**	**-**	**125,000**	**(1,986,173)**	**83,467,077**

The shareholdings presented in the table above comprise all ordinary shares, both fully paid and partly paid. Movements in partly paid ordinary shares during the year are set out below:

Partly Paid Shares	Balance at the start of the year	Paid Up	Balance at the end of the year
Year ended 30 June 2015			
Directors			
James Chisholm	-	-	-
Russell Moran	2,761,600	-	2,761,600
Gino D'Anna	-	-	-
	2,761,600	-	**2,761,600**

No options were granted to key management personnel during the period.

REMUNERATION REPORT (AUDITED) (CONT.)

E. Additional disclosures relating to key management personnel

Other transactions with Key Management Personnel

On 30 July 2013, Atrum announced that it has executed an Offset Loan Agreement ("Loan Agreement") with Lenark Pty Ltd ("Lenark"), an entity associated with Chairman Mr James Chisholm, providing a limit of $2,681,427 effective from 30 June 2014 which, upon advancement, could be used to offset the outstanding balance owing against 13,412,500 partly paid shares held by Lenark Pty Ltd.

The facility accrues capitalised interest at a rate of 6% per annum (increased to 10% on the 23rd February 2015) and matures on the date by which the partly paid shares have been converted to fully paid ordinary shares or 31 December 2016, whichever occurs first. The funds advanced under the Loan Agreement can either be repaid in cash, converted to fully paid shares, or a combination of both at the election of the Company.

In accordance with the Corporations Act 2001 (Cth), funds advanced under the Loan Agreement can be used to offset the outstanding balance owing against the partly paid shares on 30 June and 31 December of each year, subject to the voting power of Lenark not increasing by more than 3% per 6 month period as a result of the conversion to fully paid ordinary shares.

Funds advanced pursuant to the Loan Agreement will be applied to the ongoing development of the Groundhog Anthracite Project as the Company continues to progress the pre-feasibility study.

On 30 September 2013, the Company entered into a variation to the Offset Loan Agreement in place with Lenark Pty Ltd. Pursuant to the variation that was executed, Lenark Pty Ltd increased the credit available pursuant to the Offset Loan Agreement by an additional $2 million. Over the course of the financial year, a total of $2,473,766 was drawn down against the loan, and at 30 June a total of $2,208,162 remained available. This facility remains open to the Company.

F. Voting and comments made at the Company's 2014 Annual General Meeting

The Company received 0.005% of votes "against" the adoption of the remuneration report for the 2014 financial period. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

G. Loans to key management personnel

There are no loans currently outstanding to key management personnel.

*** This is the end of the Audited Remuneration Report. ***

INSURANCE OF OFFICERS

The Company has insured the Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

SHARE OPTIONS

During the year no options were issued and no options expired.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

LEGAL PROCEEDINGS

The Company was not a party to any legal proceedings during the period, except for a claim made against Atrum Groundhog Inc. (wholly owned subsidiary) on April 26, 2013 at the British Columbia Supreme Court (Civil) in Vancouver. Atrum Groundhog filed a response on May 29, 2013 (the "**Claim**").

Summary of Claims

Plaintiff: ResourceEye Services Inc. ('**ResourceEye**")

Defendants: West Hawk Development Corp. ("**West Hawk**"), Atrum Coal Groundhog Inc. ("**Atrum Groundhog**")

Notice of Civil Claim (April 26, 2013):

The plaintiff, ResourceEye, entered into an agreement on August 15, 2008 with West Hawk to provide certain geological services relating to exploration activities on the "Groundhog" project. Atrum Groundhog took over the Groundhog site from Clive Brookes in February 2011, and is continuing exploration and development of resources at that site.

ResourceEye claims that West Hawk did not fully pay ResourceEye for their services, and that Atrum Groundhog used the geological data produced without licence, permission and authorisation, in breach of confidentiality and copyright. ResourceEye claimed damages of at least $250,000 based on the unpaid value of the West Hawk contract, and exposure from information used in securities regulatory filings.

Response to Civil Claim (May 29, 2013):

West Hawk responded that the contract with ResourceEye stated that: a) ResourceEye could withhold its findings and materials until paid in full; and b) that ResourceEye neither provided the materials to West Hawk in confidence, nor was it required by contract to keep the materials confidential. Atrum Groundhog responded that it was given information from various sources relating to the Groundhog project, and the information was acquired without notice that the information was confidential. Atrum Groundhog responded that ResourceEye had no copyright in the materials allegedly used by Atrum Groundhog, and that if they are subject to copyright, that Atrum Groundhog did not breach the copyright. Atrum Groundhog further denies that ResourceEye has suffered exposure to liability.

R.Moran and G.D'Anna

Former directors, Russell Moran and Gino D'Anna, commenced action against the Company in the Supreme Court of Western Australia claiming the details of the loans they secured over the Company's shares was information confidential to each of Mr Moran and Mr D'Anna. The Company disputes the basis of claim and will defend the matter if it is pursued.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

ENVIRONMENTAL REGULATIONS

The Company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the period under review and up until the date of this report.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 3 to the financial statements as per the requirements of the Corporations Act 2001. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

	Consolidated	
	2015	2014
	$	$
Auditor's Remuneration		
(a) Non-Audit Services		
Amounts received by, related practices of BDO Audit (WA) Pty Ltd for non-audit services (incl overseas offices)	71,160	82,960
	71,160	82,960

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 30 June 2015, as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

Signed in accordance with a resolution of directors.

James Chisholm
Executive Chairman
Sydney, 30 September 2015

The Board of Directors of Atrum is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Atrum on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Atrum's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC).

During the financial year, Atrum continued its corporate governance regime reflected in the 2013 Corporate Governance Statement, which complied with the 2nd Edition of the ASC Corporate Governance Council's Principles and Recommendations to the level disclosed in the 2013 Annual Report.

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). Atrum has reviewed and updated its corporate governance practices and reporting to enable it to early-adopt the 3rd Edition Recommendations.

The table below sets out the Company's position as at 29 September 2015 with regards to its compliance with the 3rd Edition Recommendations:

Principle # / Company Response	ASX Corporate Governance Council Recommendations
Principle 1	**Lay solid foundations for management and oversight**
1.1	A listed entity should disclose: a) the functions reserved to the board and those delegated to senior management; and b) Those matters expressly reserved to the board and those delegated to management.
Company response	The Company has formalised and disclosed the functions reserved to the board and those delegated to management. These functions can be viewed at the Company's website: www.atrumcoal.com. Post reporting date, the Company board comprises five directors, being one executive and four non-executive Directors. The roles and functions of directors within the Company are designed to allow it to best function within its level of available resources. The full board currently meets regularly, and specific significant matters are endorsed and executed via circular resolution.
1.2	A listed entity should: a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.
Company response	The Company analyses and reviews the qualifications and experience of any potential candidate. Background checks are performed where deemed appropriate for the position, including speaking with personal and professional references. The Company provides biographical details of proposed directors, as well as information relating to other directorships and interest which may reasonably be perceived to influence their capacity to bring independent judgement to the board.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.
Company response	Each director and senior executive has a written contract that sets out the terms of their appointment, including their responsibilities and remuneration.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

<table>
<tr><th>Principle # / Company Response</th><th>ASX Corporate Governance Council Recommendations</th></tr>
<tr><td>Company response</td><td>The company secretary is directly accountable to the board. Communication between the board and the company secretary is encouraged, and matters of corporate governance and compliance are a standing agenda item for board discussion.

Professional development of directors, officers and management are encouraged by the Company and facilitated through the company secretary.

The Company adopts a policy of circulating board minutes at the earliest possible opportunity following the board meetings, to expedite the formalisation of items discussed at the meetings.</td></tr>
<tr><td>1.5</td><td>A listed entity should:
a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
b) disclose that policy or a summary of it; and
c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them, and either;
1. the respective proportions of men and women on the board, in senior management positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</td></tr>
<tr><td>Company response</td><td>The Company is an equal opportunity employer and strives to foster diversity across the organisation. The Company has adopted a diversity policy that is disclosed on its Company website.

Due to the current size, nature and scale of the Company's activities the Board has not yet developed measurable objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.

As at the end of the year, the Company had the following proportion of men and women across the organisation:

<table><tr><th></th><th>Men</th><th>Women</th></tr><tr><td>Board</td><td>3</td><td>-</td></tr><tr><td>Senior Executives</td><td>3</td><td>-</td></tr><tr><td>Whole Organisation</td><td>9</td><td>4</td></tr></table></td></tr>
<tr><td>1.6</td><td>A listed entity should:
a) have and disclose the process for periodically evaluating the performance of the board, its committees and individual directors; and
b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td></tr>
<tr><td>Company response</td><td>The Company undertakes an annual review of its board, and of individual directors. The review is a peer review, and the process is managed by the Chairman of the Board.
Feedback in relation to the performance of the Board as a whole is tabled at the meeting following the review.</td></tr>
<tr><td>1.7</td><td>A listed entity should:
a) have and disclose a process for periodically evaluating the performance of senior executives; and
b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td></tr>
<tr><td>Company response</td><td>Currently, the Company engages all senior executives as contractors, and contracts were reviewed annually. For those contractors that have been engaged by the Company for longer than 12 continuous months under the current financial year, those contractors underwent a performance appraisal pursuant to their contracts.

The Company is in the process of developing performance evaluation processes and shall undertake reviews of its senior executives on the anniversary of their start dates.</td></tr>
</table>

Principle # / Company Response	ASX Corporate Governance Council Recommendations
Principle 2	**Structure the board to add value**
2.1	The board of a listed entity should: a) have a nomination committee which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
Company response	The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed. A nomination committee will be put in place in the forthcoming financial year. Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

<table>
<tr><th>Principle # / Company Response</th><th>ASX Corporate Governance Council Recommendations</th></tr>
<tr><td>Company response</td><td>
The current mix of board skills is represented in the matrix below:
<table>
<tr><th></th><th></th><th colspan="3">Director (A-C)/ Ranking (1-5)</th></tr>
<tr><th>Skill</th><th>Skill Overview</th><th>A</th><th>B</th><th>C</th></tr>
<tr><td>Mineral Exploration</td><td>Ability to identify and evaluate resource opportunities, undertake due diligence on resource acquisitions, plan and oversee exploration programs, and understand and evaluate JORC reporting, oversee and evaluate laboratory testing of mineral resources.</td><td>3</td><td>5</td><td>4</td></tr>
<tr><td>Project Development</td><td>Ability to use human and financial resources to develop and oversee project development to first production including managing budgets, sourcing and hiring appropriate personnel and overseeing the establishment of appropriate mining policies.</td><td>3</td><td>5</td><td>5</td></tr>
<tr><td>Mining</td><td>Experience with mining operations, management of mining equipment and human capital, including health and safety. Ability to analyse mining operations and make decisions to maximize profitability.</td><td>3</td><td>5</td><td>4</td></tr>
<tr><td>Risk & Compliance</td><td>Identify key risks to the organisation related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements. Ability to prepare and review ASX compliant press releases and continuous reporting obligations.</td><td>3</td><td>5</td><td>5</td></tr>
<tr><td>Financial & Audit</td><td>Experience in accounting and finance to analyse financial statements, assess financial viability, contribute to financial planning, oversee budgets, and oversee funding arrangements.</td><td>3</td><td>4</td><td>4</td></tr>
<tr><td>Strategy</td><td>Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business cycles.</td><td>5</td><td>5</td><td>5</td></tr>
<tr><td>Governance & Policy Development</td><td>Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organisation should operate. Ability to manage conflicts of interest to ensure shareholders benefit.</td><td>3</td><td>3</td><td>3</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
</table>
The board has taken on additional board candidates that will allow the Company to increase its overall mining related skill set.
</td></tr>
<tr><td>2.3</td><td>A listed entity should disclose:
a) the names of the directors considered by the board to be independent directors;
b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
c) the length of service of each director.</td></tr>
<tr><td>Company response</td><td>The Board considers two of its three directors, namely Mr Cameron Vorias and Mr Steven Boulton, to be independent directors. Post reporting date the two new directors, Mr Robert Bell and Mr John Wasik are considered independent.

Director appointment and resignation dates are disclosed in the Company's annual report.</td></tr>
<tr><td>2.4</td><td>A majority of the board of a listed entity should be independent directors.</td></tr>
<tr><td>Company response</td><td>Two of the three directors are deemed independent. Subsequent to the reporting date this has been increased to four of the five directors being deemed independent.</td></tr>
<tr><td>2.5</td><td>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</td></tr>
</table>

Principle # / Company Response	ASX Corporate Governance Council Recommendations
Company response	The chair of the board, Mr James Chisholm is not an independent director by virtue of his shareholding. The Company does not consider this to affect the independent decision making of the board or its effective operation.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.
Company response	The Company Secretary ensures that all new directors are inducted into the Company. Upon commencement, the director formalises a letter of appointment setting out the terms of their appointment and is provided with a 'Corporate Governance Pack' containing the Company's Constitution, Corporate Governance Policies and details of the Company's directors' and officers' insurance policies. The skill set of the Board is monitored regularly by the Board as a whole, taking into consideration the stage of development of the Company's assets, and the limited capital available to the Company.
Principle 3	**Act ethically and responsibly**
3.1	A listed entity should: a) have a code of conduct for its directors, senior executives and employees; and b) disclose that code or a summary of it.
Company response	The Company has adopted a code of conduct which outlines the behaviour expected of directors, contractors and employees. The code of conduct can be viewed on the Company's website www.atrumcoal.com.
Principle 4	**Safeguard integrity in corporate reporting**
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (1) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner
Company response	The Board does not currently have a separate audit committee, instead, the roles and responsibilities of the audit committee are undertaken by the Board as a whole. An audit committee will be put in place in the forthcoming financial year. The Board has adopted an audit committee charter to assist in defining the roles and responsibilities of the Board as it acts in the capacity of an audit committee. The charter is available on the Company's website www.atrumcoal.com The charter requires the rotation of the audit engagement partner at least every five years.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Company response	The Company obtains a declaration from the CEO and CFO (or the persons acting in those capacities) prior to the completion of its half year and annual financial statements.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Company response	The Company ensures that its external auditor attends its AGM and time is set aside for the shareholders to ask questions of the auditor.

Principle 5	Make timely and balanced disclosure
5.1	A listed entity should: a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it.
Company response	The Company has a Continuous Disclosure Policy that forms part of its Corporate Governance Policies, which is available on the Company's website www.atrumcoal.com
Principle 6	**Respect the rights of security holders**
6.1	A listed entity should provide information about itself and its governance to investors via its website.
Company response	The Company's website contains comprehensive details about the Company, its directors and management and its operations. All Company announcements, as well as its annual and half year financial reports can be located through the website www.atrumcoal.com
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.
Company response	The Company has adopted a Shareholder Communication Policy as part of its Corporate Governance Policies. The Company also engages a dedicated investor relations firm to facilitate investor relations.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.
Company response	The Company considers the country of residency of its shareholders when determining the most appropriate location to hold its shareholder meetings. Time is set aside at each meeting whereby attendees are encouraged to query the Board on operational and financial items.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.
Company response	To the extent permissible by law, the Company sends all communication electronically in an effort to reduce its environmental footprint. As new shareholders join the Company, they are invited to communicate with the Company and the share registry electronically.
Principle 7	**Recognise and manage risk**
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework
Company response	The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk. A risk committee will be put in place in the forthcoming financial year.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.
Company response	The Board reviewed its risk assessment and management framework during the current period as part of a risk review conducted at the November 2013 Board meeting. The Board considers the risk management process to be adequate for its stage of development.

7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
Company response	The Company does not have an internal audit function. Internal control measures currently adopted by the Board include: • weekly reporting to the Board in respect of operations and monthly reporting in respect of the Company's financial position, with a comparison of actual results against budget; and • regular reports to the Board by members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.
Company response	The Company is an anthracite exploration and development company and is inherently exposed to the economic, environmental and social sustainability risks that are associated with its industry. The Company carefully considers its operations and their impact on the environment and local communities and engages extensively with local communities and first nations groups. The Company has no formal hedging policy for its foreign currency expenditure and is exposed to fluctuations in the exchange rates of the Australian Dollar, the United States Dollar and the Canadian Dollar. Exchange rates are monitored closely by senior management and treasury decisions are made on an opportunistic basis. Where necessary, the Company will enter into FX hedging instruments and has done so in the past.
Principle 8	**Remunerate fairly and responsibly**
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Company response	The Board has not established a separate Remuneration Committee due to the size and scale of its operations, however the Board as a whole takes responsibility for such issues. A remuneration committee will be put in place in the forthcoming financial year. The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the Managing Director's performance. The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
Company response	In accordance with best practice corporate governance, the structure of Non-Executive Directors is separate and distinct from Executive Directors and Senior Executives. In determining remuneration, the Board holds special meetings as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.
8.3	A listed entity which has an equity-based remuneration scheme should: a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose the policy or a summary of it.
Company response	The Company has both an employee share plan and a performance rights plan in place. Neither of the plans contain a policy as to whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue from continuing operations			
Interest income		103,666	199,993
Other income		2,767	139,138
Government grant income		3,290,472	-
Expenses			
Administration expense		(756,131)	(185,577)
Compliance & regulatory expense		(1,123,333)	(616,609)
Consultancy expense		(1,599,689)	(549,847)
Depreciation & amortisation		(155,908)	(40,050)
Directors' fees		(860,759)	(893,188)
Employee benefit expense		(669,598)	(185,034)
Exploration expenditure		(12,927,501)	(12,247,597)
Finance costs		(494,344)	(276,316)
Foreign exchange gain/(loss)		(585,863)	(312,016)
Impairments expense		(51,186)	-
Occupancy expense		(327,916)	(200,560)
Pre-feasibility study expenses		(1,028,181)	(1,929,698)
Public relations and marketing expense		(568,531)	(269,282)
Share based payments expense		(699,010)	(1,063,392)
Spin out costs		(45,629)	(378,693)
Travel expenditure		(709,659)	(304,000)
Loss before income tax expense		(19,206,333)	(19,112,728)
Income tax expense	2	-	-
Loss after income tax expense		(19,206,333)	(19,112,728)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		829,495	72,314
Other comprehensive income for the year, net of tax		829,495	72,314
Total comprehensive loss for the year attributable to members		(18,376,838)	(19,040,414)
Loss per share attributable to members of Atrum Coal NL			
Basic (loss) per share – cents per share	4	(11.3)	(12.2)
Diluted (loss) per share – cents per share		(11.3)	(12.2)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

	Note	Consolidated 2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**253,058**	10,322,567
Trade and other receivables	6	**4,106,041**	1,059,980
Total Current Assets		**4,359,099**	11,382,547
Non-Current Assets			
Plant and equipment	7	**1,512,739**	567,722
Exploration and evaluation expenditure	8	**7,181,227**	1,890,759
Total Non-Current Assets		**8,693,966**	2,458,481
TOTAL ASSETS		**13,053,065**	13,841,028
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**5,488,253**	3,616,905
Derivative financial instruments		**-**	90,992
Other financial liabilities	10	**3,560,620**	-
Total Current Liabilities		**9,048,873**	3,707,897
Non-Current Liabilities			
Borrowings	12	2,499,342	285,990
Total Non-Current Liabilities		**2,499,342**	285,990
TOTAL LIABILITIES		**11,548,215**	3,993,887
NET ASSETS		**1,504,850**	9,847,141
EQUITY			
Issued capital	13	**43,169,269**	33,833,732
Reserves	20	**4,018,729**	2,490,224
Accumulated losses		**(45,683,148)**	(26,476,815)
TOTAL EQUITY		**1,504,850**	9,847,141

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

2015 Consolidated	Issued Capital $	Share-Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2014	33,833,732	2,387,441	102,783	(26,476,815)	9,847,141
Other Comprehensive Income					
Movement in reserve	-	-	829,495	-	829,495
Loss for the year	-	-	-	(19,206,333)	(19,206,333)
Total comprehensive income/(loss) for the year	-	-	829,495	(19,206,333)	(18,376,838)
Transactions with equity holders:					
Securities issued during the year	9,538,198	-	-	-	9,538,198
Capital raising costs	(502,661)	-	-	-	(502,661)
Share-based payments/Options	300,000	699,010	-	-	999,010
Total contribution by equity holders	9,335,537	699,010	-	-	10,034,547
Balance as at 30 June 2015	**43,169,269**	**3,086,451**	**932,278**	**(45,683,148)**	**1,504,850**

2014 Consolidated	Issued Capital $	Share-Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2013	9,795,161	1,324,049	30,469	(7,364,087)	3,785,592
Other Comprehensive Income					
Movement in reserve	-	-	72,314	-	72,314
Loss for the year	-	-	-	(19,112,728)	(19,112,728)
Total comprehensive income/(loss) for the year	-	-	72,314	(19,112,728)	(19,040,414)
Transactions with equity holders:					
Securities issued during the year	25,329,532	-	-	-	25,329,532
Capital raising costs	(1,290,961)	-	-	-	(1,290,961)
Share-based payments/Options	-	1,063,392	-	-	1,063,392
Total contribution by equity holders	24,038,571	1,063,392	-	-	25,101,963
Balance as at 30 June 2014	**33,833,732**	**2,387,441**	**102,783**	**(26,476,815)**	**9,847,141**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Note	Consolidated Group 2015 $	2014 $
Cash flows from operating activities			
Receipts from customers and authorities		160,957	1,630,057
Payments to suppliers and employees		(4,346,524)	(2,490,563)
Interest received		51,715	206,129
Exploration expenditure		(16,340,069)	(14,059,840)
Net cash used in operating activities	5(a)	(20,473,921)	(14,714,217)
Cash flows from investing activities			
Purchase of plant and equipment		(1,115,379)	(522,291)
Acquisition of mining interests		(831,743)	(498,295)
Net cash used in investing activities		(1,947,122)	(1,020,586)
Cash flows from financing activities			
Proceeds from issue of shares and Convertible Notes		9,143,198	22,518,106
Payment of capital raising costs		(502,661)	(1,290,961)
Proceeds from loans		3,611,502	2,877,748
Foreign currency exchange gains/(losses)		(90,992)	(88,625)
Net cash provided by financing activities		12,161,047	24,016,268
Net (decrease)/increase in cash and cash equivalents		(10,259,996)	8,281,465
Cash and cash equivalents at the beginning of the year		10,322,567	2,123,501
Effect of foreign currency translation		190,487	(82,399)
Cash and cash equivalents at the end of the year	5	253,058	10,322,567

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparing the financial report of the Group, are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all years presented, unless otherwise indicated.

Atrum Coal NL ('Company" or "Parent Entity") is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange (code: ATU). The financial statements are presented in Australian dollars which is the Company's functional currency.

The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporation Act 2001*. Atrum Coal NL is a for-profit entity for the purpose of preparing the financial statements.

i. Compliance with IFRS

The consolidated financial statements of Atrum Coal NL also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii. Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value, and
- assets held for sale – measured at fair value less cost of disposal.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The separate financial statements of the parent entity, Atrum Coal NL, have not been presented within this financial report as permitted by the Corporations Act 2001.

When required by the Accounting Standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

(b) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2015 of $19,206,333 (2014: $19,112,728) and experienced net cash outflows from operating activities of $20,473,921 (2014: $14,714,271). At 30 June 2015, the Group had a deficiency in working capital of $4,689,774 (2014: surplus of $7,674,650).

The Directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report the Group believes it can meet all liabilities as and when they fall due. Subsequent to year end, the Group has raised additional funds through an entitlement offer along with receiving funds from a Mineral Exploration Tax Credit ('METC') in Canada. The Group is also in the process of lodging further METC returns which will provide further working capital.

However the Directors recognise that additional funding will be required through the receipt of additional METC funding and/ or funding through debt, equity or convertible notes for the Group to continue to fund its exploration and development activities during the next twelve months.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds as and when the need to raise working capital arises.

1. Summary of significant accounting policies (cont.)

(b) Going concern (cont.)

Should the Directors not achieve the matters set out above, there is material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

The financial report does not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

(c) Adoption of new and revised standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(d) Statement of compliance

The financial report was authorised for issue by the Directors on 30 September 2015.

The financial report complies with the Corporations Act 2001, Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Atrum Coal NL and its subsidiaries as at 30 June each year ("Consolidated Entity" or "Group"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of Profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

1. Summary of significant accounting policies (cont.)

(e) Basis of consolidation *(cont.)*

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(f) Foreign currency translation

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using average exchange rates for the period, or where possible, the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate.

Group companies
The functional currency of the overseas subsidiaries is currency Canadian and US dollars. The Board of Directors assesses the appropriate functional currency of these entities on an ongoing basis.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(h) Cash and cash equivalents

Cash comprises of cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

1. *Summary of significant accounting policies (cont.)*

(j) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

1. Summary of significant accounting policies (cont.)

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred on a purchase of goods and service is not recoverable from the taxation authorities, in which case the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Leasehold improvements, plant and equipment

Leasehold improvements, plant and equipment are stated at historical costs less accumulated depreciation. Historical costs include expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they were incurred. Depreciation is calculated using both the straight line method to allocate asset costs over their estimated useful lives, or in the case of leasehold improvements, the unexpired period of the lease. Annual depreciation / amortisation rates applying to each class of depreciable asset are as follows:

Leasehold improvements	Lease term
Computer equipment	33%
Machinery & equipment	20-50%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(m) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

1. Summary of significant accounting policies (cont.)

(m) Financial assets (cont.)

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(n) Mineral exploration and evaluation expenditure

Exploration and evaluation expenditures incurred by the purchase or acquisition of the asset from a private vendor, or through government applications and licensing processes are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost. Ongoing exploration costs are expensed as incurred.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

1. Summary of significant accounting policies (cont.)

(o) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(p) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(r) Issued capital

Ordinary shares are classified as equity. Issued and paid up capital is recognized at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(s) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding nay costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. Summary of significant accounting policies (cont.)

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. When the valuation is deemed to be significant, the fair value is determined by an external valuer using the Black-Scholes model or the binomial option valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Atrum Coal NL or its subsidiaries (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Performance Rights

The Group issues performance rights to its Key Management Personnel and employees as part of their remuneration as required in the service/employment agreement.

Each Performance right gives the holder a right to one share upon vesting conditions being met. Shares are issued upon Performance rights which vest, but held in escrow until a date that is 24 months following the listing of the Company on the ASX, after which they are released to the Key Management Personnel and employees.

1. Summary of significant accounting policies (cont.)

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(w) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

1. Summary of significant accounting policies (cont.)

(x) Significant accounting judgments, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements.

(i) Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(n). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

(ii) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Hoadley barrier valuation methodology. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

The Company issued performance based rights during the year ended 30 June 2015 based upon conditions outlined in note 21. The Company follows the guidelines of AASB 2 'Share Based Payments' and takes into account market and non-market vesting conditions and estimates the probability and expected timing of achieving the performance conditions.

(iv) Convertible notes

In determining the carrying value of the Kuro Convertible Notes, the Group has determined that it is likely that the Company will either repurchase the Convertible Notes or renegotiate the due date for redemption. The Company is currently preparing a Notice of Meeting to call the noteholders to a Noteholders meeting. The Convertible notes were issued at $5,000 face value. No interest is applicable. Notes convert to ordinary shares at $0.10 per share in Kuro Coal Limited, may be redeemed for cash by the noteholder, or may be repurchased by the Company. Due to the intention to call a Notice of meeting of noteholders, the convertible notes have been recognised as a liability in the financial statements.

(v) Tax in foreign jurisdictions

The Group operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to Income tax, VAT, withholding tax and employee income tax. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period in which they are settled.

1. *Summary of significant accounting policies (cont.)*

(y) New, revised or amending Accounting Standards or Interpretations adopted

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 July 2014. The nature and the impact of each new standard and/or amendment is described below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127 - These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under AASB 10.

Remove Individual Key Management Personnel Disclosure Requirements – Amendments to AASB 124 - This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. This amendment has not resulted in reduced disclosures in the Group's financial statements.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to AASB 136 - The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has not resulted in increased disclosures in the Group's financial statements.

Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132 - These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to AASB 139 - These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated any of its derivatives during the current or prior periods.

AASB Interpretation 21 Levies - AASB Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. This interpretation has no impact on the Group as it has applied the recognition principles under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of AASB Interpretation 21 in prior years.

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2015. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

1. Summary of significant accounting policies (cont.)

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted *(cont.)*

Financial Instruments - AASB 9 (issued December 2014) – This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and financial liabilities. There will be no impact on the Group's accounting for financial assets and financial liabilities as the new requirements only affect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such financial assets or liabilities. Since December 2013, it also sets out new rules for hedge accounting. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group does not currently have any hedging arrangements in place. The Group will adopt this standard and amendments from 1 July 2018, but the impact of its adoption is yet to be assessed by the Group.

Revenue from contracts with customers - AASB 15 (issued December 2014) – This standard is applicable to annual reporting periods beginning on or after 1 January 2017. An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard.

	Consolidated	
	2015 $	2014 $
2. Income tax		
(a) Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
Net loss before income tax	(19,206,333)	(19,112,728)
Income tax at 30%	(5,761,900)	(5,733,819)
Effect of expenses not deductible in determining taxable income	4,039	3,786,773
Effect of tax rates in foreign jurisdictions (i)	490,880	784,752
Tax losses not recognised	5,266,982	1,162,294
Total income tax expense/(benefit)	-	-

(i) The subsidiaries of the Group operate in tax jurisdictions with differing tax rates.

Atrum Coal NL has unrecognised tax losses arising in Australia, Canada and the USA, which are available indefinitely to offset against future profits of the Company providing the tests for deductibility against future profits are met

(c) Unrecognised deferred tax assets arising on timing difference and losses

(ii) Losses – revenue	2,861,777	683,767
Foreign losses - revenue	5,557,430	4,479,514
Other	3,626,163	198,646

(iii) The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia or Canada of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and Canada; and

(iii) there are no changes in tax legislation in Australia or Canada which will adversely affect the Group in realising the benefit from the deductions for the losses.

	Consolidated 2015 $	Consolidated 2014 $
3. Auditors' remuneration		
(a) Audit services		
The auditor of Atrum Coal NL is BDO Audit (WA) Pty Ltd		
Audit and review services	61,050	52,847
	61,050	52,847
(b) Non-audit services		
Amounts received by BDO for non-audit services:		
Preparation and lodgement of income tax returns		
Canada	47,685	23,807
Australia	16,525	14,154
United States	6,400	4,417
Preparation of independent experts report	-	11,220
Other taxation advice	550	29,362
	71,160	82,960
4. Earnings per share (EPS)		
Basic loss per share – cents	(11.3)	(12.2)
Loss used in calculation of basic loss per share	(19,206,333)	(19,054,388)
Weighted average number of ordinary shares outstanding during the year used In the calculation of basic and diluted loss per share	170,136,126	156,575,413
5. Cash and Cash Equivalents		
Cash at bank	175,938	4,211,095
Deposits at call	77,120	6,111,472
	253,058	10,322,567

Cash at bank earns interest at floating rates based on daily deposit rates. This note should be read in conjunction with Note 19: Financial instruments.

(a) Reconciliation of loss for the year to net cash flows from operating activities

	2015 $	2014 $
Loss for the year	(19,206,333)	(19,112,728)
Add back:		
Depreciation	155,908	40,050
Share Based Payments	699,010	1,063,392
Unrealised foreign currency losses	445,029	653,889
Impairment expenses	51,186	
Changes in assets and liabilities:		
Movements in trade and other receivables	(2,361,236)	281,593
Movement in trade and other payables	(257,485)	2,359,587
Net cash flows from operating activities	(20,473,921)	(14,714,217)

5. Cash and Cash Equivalents (continued)

(b) Non-cash financing and investing activities

During the year, the Company:

- Issued a total of 1,000,000 fully paid ordinary shares as consideration for the acquisition of mineral exploration licenses from Panorama Coal Corporation. The shares were valued at $1,495,000.

6. Trade & other receivables

	Consolidated 2015 $	Consolidated 2014 $
Current		
Rental Bonds and Deposits	37,272	20,254
GST receivables	178,240	350,616
Other Debtors		4,793
Environmental Bond Deposit	159,232	151,226
Accrued Interest & Tax Refunds (a)	3,385,384	140,945
Royalty Prepayments	314,275	198,982
Other Prepayments	31,638	193,164
	4,106,041	1,059,980

Terms and conditions relating to the above financial instruments:

- There are no past due and impaired trade receivables.
- The above amounts do not bear interest and their carrying value amount is equivalent to their fair value.

(a) Included within the 2015 balance is a Mining Exploration Tax Credit from the Canadian Government in relation to the exploration expenditure incurred in 2013 and 2014 totalling $3,290,472.

Information about the Group's exposure to credit risk is disclosed in Note 19: Financial instruments.

	Consolidated 2015 $	Consolidated 2014 $
7. Non-current assets – plant and equipment		
Computer Equipment – at cost	39,211	19,587
Less: Accumulated depreciation	(22,891)	(17,135)
Closing Balance	16,320	2,452
Leasehold Improvements – at cost	74,195	46,884
Less: Accumulated amortisation	(41,944)	(17,186)
Closing Balance	32,251	29,698
Machinery and equipment – at cost	639,177	555,472
Less: Accumulated depreciation	(148,433)	(19,900)
Closing balance	490,744	535,572
Building – at cost	961,531	-
Less: Accumulated depreciation	-	-
Closing balance	961,531	-
Furniture & Fixtures – at cost	14,018	-
Less: Accumulated depreciation	(2,125)	-
Closing balance	11,893	-
	1,512,739	567,722

Reconciliations

Reconciliations of the written down values and the beginning and end of the current and previous financial year are set out below:

	Computer Equipment $	Leasehold Improvements $	Machinery & Equipment $	Building $	Furniture & Fixtures $	Total $
Balance at 1 July 2014	2,452	29,698	535,572	-	-	567,723
Additions	19,624	25,100	52,006	961,531	14,018	1,072,279
Depreciation charge	(5,756)	(23,848)	(127,479)	-	(2,125)	(159,208)
Effect of foreign exchange	-	1,300	30,645	-	-	31,945
Closing net book amount	16,320	32,251	490,744	961,531	11,893	1,512,739

	Computer Equipment $	Leasehold Improvements $	Machinery and Equipment $	Total $
Balance at 1 July 2013	9,852	20,361	-	30,213
Additions	-	22,430	571,455	593,885
Depreciation charge	(7,400)	(12,257)	(20,393)	(40,050)
Effect of foreign exchange	-	(836)	(15,490)	(16,326)
Closing net book amount	2,452	29,698	535,572	567,722

	Consolidated 2015 $	Consolidated 2014 $
8. Non-current assets – exploration and evaluation expenditure		
Peace River Project	133,210	49,958
Naskeena Project	412,262	342,896
Groundhog Coal Project	1,553,343	1,497,905
Panorama Project (a)	5,082,411	-
	7,181,227	1,890,759
Opening balance	1,890,759	1,397,309
Foreign exchange translation differences	(857,230)	(28,055)
Additions in Period	6,147,698	521,505
Closing Balance	7,181,227	1,890,759

(a) The Panorama acquisition consisted of cash consideration of US$500,000 equity consideration of 1,000,000 ordinary shares in Atrum Coal NL ($1.495 per share at the time of issue) and a promissory note of US$2,000,000 maturing in September 2015. The promissory note accrues at a rate of 8% per annum which is recorded as an expense in the statement of profit or loss and other comprehensive income. The promissory note was extended to December 2015. Refer note 23 for details.

The Group policy in relation to exploration and evaluation expenditure is to capitalise activities relating to capital acquisitions and development assets and to expense ongoing exploration costs.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

	Consolidated 2015 $	Consolidated 2014 $
9. Current liabilities - trade and other payables		
Trade payables	2,784,960	3,267,120
Other payables	2,703,293	349,785
	5,488,253	3,616,905

Terms and conditions relating to the above financial instruments:

- All amounts are expected to be settled.
- Trade payables are non-interest bearing and are normally settled on 30 day terms.
- Due to the short term nature of trade payable and accruals, their carrying value is assumed to approximate their fair value.
- Atrum has secured a Confirmed Capital Receivables facility from Moneytech Finance Pty Limited. The facility attracts interest of 14.85% per annum.

Information about the Group's exposure to credit risk is disclosed in Note 19.

	Consolidated 2015 $	Consolidated 2014 $
10. Other Financial Liabilities		
Other financial liabilities comprise:		
Promissory Note	2,760,620	-
Kuro Coal Limited Convertible Notes	800,000	-
	3,560,620	-

(a) Promissory note issued to acquire Panorama coal exploration licenses and applications. Note has been extended to December 2015 following an initial repayment date of September 2015. Interest now accrues at 10% per annum.

(b) Convertible notes issued at $5,000 face value. No interest is applicable. Notes convert automatically to ordinary shares at $0.10 per share in Kuro Coal Limited, may be redeemed for cash by the noteholder, or maybe repurchased by the Company. It is likely that the Company will either repurchase the Convertible Notes or renegotiate the due date for redemption. The Company is currently preparing a Notice of Meeting to call the noteholders to a Noteholders meeting.

11. Current liabilities - derivative financial instruments

	2015 $	2014 $
Forward foreign exchange contracts – cash flow hedges	-	90,992

12. Non-Current liabilities - borrowings

	2015 $	2014 $
Loans from related parties - Offset loan agreement (see Note 17)	2,473,765	285,990
Loans from other	25,578	-
	2,499,343	285,990

13. Issued capital

(a) Issued and paid up capital

	2015 Number	2015 $	2014 Number	2014 $
Ordinary shares – fully paid	170,192,959	43,169,048	161,489,242	33,833,511
Ordinary shares – partly paid	2,761,600	221	2,761,600	221

(b) Movement in ordinary shares on issue

Ordinary shares – fully paid	Number	$
Balance at 30 June 2014	161,489,242	33,833,511
Issued for cash	6,653,717	7,984,460
Issued as consideration for the acquisition of mining licenses	1,000,000	1,495,000
Issued upon exercise of options	1,000,000	300,000
Payments made against prepayment of royalty	50,000	58,750
Capital raising costs	-	(502,673)
Balance at end of year	170,192,959	43,169,048
Ordinary shares – partly paid		
Balance at 30 June 2014	2,761,600	221
Paid up to fully paid ordinary	-	-
Balance at end of year	2,761,600	221
Total Issued Capital	172,954,559	33,833,732

13. Issued capital (cont.)

(c) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings as well as its perpetual preference shares which are classified as a financial liability in the statement of financial position.

For details of the Group's capital risk management refer to Note 19: Financial instruments.

(g) Movements in performance rights

The following table sets out the movements in performance rights during the year:

Year Ended 30 June 2015

Class	Balance at start of year	# Granted during the year	Vested and Exercised	Forfeited	Balance at end of year
7	1,721,250	110,000	-	(1,353,750)	477,500
8	2,233,750	110,000	-	(1,491,250)	852,500
9	30,000	110,000	-	-	140,000
10	50,000	110,000	-	-	160,000
11	50,000	110,000	-	-	160,000
13	50,000	110,000	-	-	160,000
14	50,000	-	-	-	50,000
15	100,000	-	-	-	100,000
16	100,000	-	-	-	100,000
17	100,000	-	-	-	100,000
18	100,000	-	-	-	100,000
19	-	130,000	-	-	130,000
20	-	130,000	-	-	130,000
Total	**4,585,000**	**920,000**	**-**	**(2,845,000)**	**2,660,000**

Year Ended 30 June 2014

Class	Balance at start of year	# Granted during the year	Vested and Exercised	Forfeited	Balance at end of year
3	1,711,250	310,000	(1,771,250)	(250,000)	-
5	1,661,250	280,000	(1,691,250)	(250,000)	-
6	1,661,250	280,000	(1,691,250)	(250,000)	-
7	1,661,250	310,000	-	(250,000)	1,721,250
8	2,173,750	310,000	-	(250,000)	2,233,750
9	-	30,000	-	-	30,000
10	-	50,000	-	-	50,000
11	-	50,000	-	-	50,000
12	-	30,000	(30,000)	-	-
13	-	50,000	-	-	50,000
14	-	50,000	-	-	50,000
15	-	100,000	-	-	100,000
16	-	100,000	-	-	100,000
17	-	100,000	-	-	100,000
18	-	100,000	-	-	100,000
Total	**8,868,750**	**2,150,000**	**(5,183,750)**	**(1,250,000)**	**4,585,000**

14. Commitments

Exploration commitments

Under Canadian legislation there is no minimum expenditure commitments in relation to the tenements held by the Company. The Company has minimum annual rents due on its projects as follows:

	2015 $	2014 $
Less than one year	**297,720**	282,267
Between one and five years	**-**	-
More than five years	**-**	-
	297,720	282,267

Operating lease agreements

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

	2015 $	2014 $
Less than one year	**140,168**	497,853
Between one and five years	**277,166**	1,306,544
More than five years	**-**	-
	417,334	1,804,397

The Company leases office premises in Vancouver, British Columbia and Perth, Western Australia under an operating lease. The lease periods run for 3 years, and commenced on March 26, 2015 and June 16, 2014 respectively.

During the year ended 30 June 2015 an amount of $318,710 (2014: $195,756) was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in respect of operating leases.

Land Reservation and Terminal Services Agreement – Stewart Bulk Terminals

Pursuant to clause 3 of the Land Reservation and Terminal Services Agreement between Atrum Coal Groundhog Inc. and Stewart Bulk Terminals, the Company has reserved a space of 2,500m^2 at the terminal for the purposes of clean anthracite stockpiling.

The extract of clause 3 is provided below:

3. Land Reservation

(a) Stewart Bulk hereby agrees to hold and reserve, for the term of this Agreement, the Building Site for the construction of the Warehouse Building and the exclusive use thereof by the Shipper.

*(b) The Shipper hereby agrees to pay to Stewart Bulk Terminals Ltd. on a calendar quarterly basis land reservation payments of $100,000.00 per calendar quarter (the "**Quarterly Land Reservation Payments**") until the earlier of the commencement of shipments of Coal from the Terminal Facility or January 1, 2018 and to a cumulative maximum of $1,400,000.00, in accordance with the terms and conditions of this Agreement. The first Quarterly Land Reservation Payments shall be due and payable on October 1, 2014 and thereafter on the first day of January, April, July and October of each calendar year.*

(c) Stewart Bulk acknowledges and agrees that the land reservation rights granted to the Shipper under this Agreement shall be effective from the Effective Date for the duration of the term of this Agreement, as set out in Section 2.

(d) The Shipper acknowledges and agrees that Stewart Bulk shall not be obligated to repay any of the Quarterly Land Reservation Payments under the Terminal Services Agreement.

The Company is currently in discussions with Stewart Bulk Terminals over the suitability of the proposed area for the purposes of clean anthracite stockpiling as the current PFS optimisation is evaluating the installation of a lineal shed with a simple stacker reclaimer system. The Land Reservation and Terminal Services Agreement was based on the installation of four individual anthracite storage silos, however, the Company is now evaluating other options with lower CAPEX associated.

14. Commitments (continued)

This may mean that the Company no longer requires the reserved land for the warehouse building or the anthracite storage silos and may negate the requirement to fund the land reservation payments.

15. Contingent liabilities

The following contingent liabilities exist in relation to the Company's projects located in British Columbia, Canada.

Groundhog Anthracite Project	
Annual Royalty	CAD$100,000 per annum (until production royalty commences, at which stage it is offset against future production royalties)
Performance Bonus	CAD$1,000,000 (upon the delineation of the first 200Mt of coal of a JORC Indicated status - to the extent that it can be considered a proven reserve)
	CAD$500,000 (upon the delineation of each subsequent 100Mt of coal of a JORC Indicated status - to the extent that it can be considered a proven reserve)
BFS Bonus	CAD$1,000,000 (upon completion of a positive BFS, paid 50% cash and 50% shares at the election of the Company)
Production Bonus	CAD$1,000,000 (upon commencement of production, paid 50% cash and 50% shares at the election of the Company)
Production Royalty	1% of ex-mine gate price of all saleable coal to Clive Brookes syndicate
	1% gross revenue royalty or a US$1/tonne royalty (whichever is the higher) payable on anthracite produced from the assets acquired from Anglo Pacific only
Naskeena (North) Coal Project	
Performance Bonus	CAD$100,000 (upon the delineation of the first 20Mt of coal of a JORC Indicated status)
	CAD$50,000 (upon the delineation of each subsequent 10Mt of coal of a JORC Indicated status)
BFS Bonus	CAD$500,000 (upon completion of a positive BFS, paid 50% cash and 50% shares at the election of the Company)
Peace River Project	
Shares	450,000 share consideration to be issued on completion date
Purchase Price	CAD$200,000 to be paid on completion date
Rent Reimbursement	CAD$148,302 of rental amounts to be reimbursed
Royalty	From completion, and subject to the commencement of commercial production, a royalty of $0.80/tonne of saleable coal (based on the tonnes of coal actually produced and sold) is to be paid to the Grantor every reporting period (quarterly).

16. Financial reporting by segments

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the location of activity. For management purposes, the Group has organised its operations into two reportable segments on the basis of stage of development as follows:

- Exploration - mineral exploration and development in Canada
- All other segments – primarily involving corporate management and administration in Australia

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

2015	Exploration $	All Other Segments $	Consolidated $
Segment loss	(13,392,773)	(5,813,560)	(19,206,333)
Segment assets	12,743,240	309,824	13,053,065
Segment liabilities	(3,639,420)	(7,908,794)	(11,548,214)
Other segment information included in segment loss			
Interest revenue	29,868	76,566	106,433
Finance costs	(15,822)	(478,523)	(494,344)
Depreciation and amortisation	(141,635)	(14,274)	(155,908)
Impairment of exploration expense	(51,186)		(51,186)

2014	Exploration $	All Other Segments $	Consolidated $
Segment loss	(15,645,222)	(3,467,506)	(19,112,728)
Segment assets	3,339,501	10,501,528	13,841,029
Segment liabilities	(2,288,572)	(1,705,315)	(3,993,887)
Additions to and acquisitions of non-current assets	1,110,267	5,123	1,115,390
Other segment information included in segment loss			
Interest revenue	81	339,050	339,131
Finance costs	(1,866)	(274,450)	(276,316)
Depreciation and amortisation	(32,650)	(7,400)	(40,050)

17. Related party transactions

(a) Key management personnel

	Consolidated 2015 $	Consolidated 2014 $
Short-term employee benefits	809,918	931,805
Post-employment benefits	3,420	-
Bonus	-	-
Share-Based Payments	10,938	314,958
	824,276	1,246,763

Detailed remuneration disclosures are provided in the audited Remuneration Report in the Directors Report.

(b) Other transactions with Key Management Personnel

Offset Loan Agreement with Chairman

On 30 July 2013, Atrum announced that it has executed an Offset Loan Agreement ("Loan Agreement") with Lenark Pty Ltd ("Lenark"), an entity associated with Chairman Mr James Chisholm, providing a limit of $2,681,427 effective from 30 June 2014 which, upon advancement, could be used to offset the outstanding balance owing against 13,412,500 partly paid shares held by Lenark Pty Ltd.

The facility accrues capitalised interest at a rate of 6% per annum (increased to 10% on 23 February 2015) and matures on the date by which the partly paid shares have been converted to fully paid ordinary shares or 31 December 2016, whichever occurs first, during September 2014 . The funds advanced under the Loan Agreement can either be repaid in cash, converted to fully paid shares, or a combination of both at the election of the Company.

In accordance with the Corporations Act 2001 (Cth), funds advanced under the Loan Agreement can be used to offset the outstanding balance owing against the partly paid shares on 30 June and 31 December of each year, subject to the voting power of Lenark not increasing by more than 3% per 6 month period as a result of the conversion to fully paid ordinary shares.

Funds advanced pursuant to the Loan Agreement will be applied to the ongoing development of the Groundhog Anthracite Project as the Company continues to progress the pre-feasibility study.

On 30 September 2013, the Company entered into a variation to the Offset Loan Agreement in place with Lenark Pty Ltd. Pursuant to the variation that was executed, Lenark Pty Ltd increased the credit available pursuant to the Offset Loan Agreement by an additional $2 million.

Over the course of the financial year, a total of $2,473,766 was drawn down against the loan, and at 30 June a total of $2,207,661 remained. Subsequent to year end, portion of the outstanding loan was converted into shares in order to take up the Lenark entitlement..

As at 30 June 2015 the total remaining available credit pursuant to the Offset Loan Agreement is $2,207,661.

The Board considers that the terms of the facility with Lenark Pty Ltd are arms-length.

17. Related party transactions (cont.)

(c) Subsidiaries

The consolidated financial statements include the financial statements of Atrum Coal NL and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest 2015	2014	Description of Activities
Atrum Coal Australia Pty Ltd	Australia	100	100	Dormant
Atrum Infrastructure and Logistics Pty Ltd	Australia	100	100	Conducting feasibility studies on road, rail and other infrastructure
Atrum Coal Groundhog Inc	Canada	100	100	Development of Groundhog Anthracite Project
Atrum Coal Peace River Inc	Canada	100	100	Development of Peace River and Bowron River Coal Project
Atrum Coal Naskeena Inc	Canada	100	100	Development of Naskeena Coal Project
Atrum Coal USA Inc	USA	100	100	Dormant
Kuro Coal Limited	Australia	100	100	Holding Company – Dormant
Atrum Coal Panorama Inc	Canada	100	100	Development of Panorama Anthracite Project

Atrum Coal Groundhog Inc, Atrum Coal Peace River Inc, Atrum Coal Naskeena Inc and Atrum Coal USA Inc have financial years of 30 June. There are no significant restrictions on the ability of the subsidiaries to transfer funds to the parent entity to pay dividends or loans.

(d) Parent entity

Atrum Coal NL is the ultimate Australian parent entity and ultimate parent of the Group.

18. Parent entity disclosures

(a) Summary financial information

	Parent Entity 2015 $	Parent Entity 2014 $
Financial Position		
Assets		
Current assets	**830,595**	39,517,026
Non-current assets	**7,561,376**	7,575
Total Assets	**8,391,971**	39,524,601
Liabilities		
Current liabilities	**4,387,779**	1,389,604
Non-current liabilities	**2,499,342**	285,990
Total Current Liabilities	**6,887,121**	1,675,594
Equity		
Issued capital	**43,169,269**	33,833,732
Retained Earnings/(Accumulated losses)	**(44,725,787)**	1,630,556
Share Based Payment Reserve	**3,061,368**	2,384,719
Total Equity	**1,504,850**	37,849,007
Financial Performance		
Gain/(Loss) for the period	**46,356,373**	3,142,738
Other comprehensive loss	**-**	-
Total comprehensive income (loss)	**46,356,373**	3,142,738

18. Parent entity disclosures (cont.)

(b) Guarantees

Atrum Coal NL has not entered into any guarantees in relation to the debts of its subsidiary.

(c) Other Commitments and Contingencies

Atrum Coal NL has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the amounts disclosed in note 14.

19. Financial instruments

Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits and borrowings. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Risk exposures and responses

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign Currency Risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the Group. The Group has deposits that are denominated in both Canadian and Australian dollars. At the year end the majority of deposits were held in Australian dollars. The Group treasury function manages the purchase of foreign currency to meet operational requirements. The Group manages its exposure to foreign currency risk through utilising forward exchange contracts and options. The impact of reasonably possible changes in foreign rates for the Group is not material.

The Group hedges against the foreign currency exposure through the use of Foreign Exchange Contracts ("FEC").

19. Financial instruments (cont.)

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian Dollars		Average Exchange Rates	
	2015 $	2014 $	2015	2014
Buy Canadian dollars				
Maturity:				
0 – 3 Months	**-**	2,082,032	**0.8369**	0.9606

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2015 $	2014 $	2015 $	2014 $
Consolidated				
Australian Dollars	**315,533**	10,491,840	**(3,415,683)**	(1,293,939)
Canadian Dollars	**4,022,035**	888,595	**(1,406,518)**	(2,094,796)
US Dollars	**480**	2,113	**(390,090)**	(172,235)
	4,338,048	11,382,548	**(5,212,291)**	(3,560,970)

The group had net foreign currency liabilities of $1,394,602 as at 30 June 2015 (2014: net assets $318,229). Based on this exposure alone, had the Australian dollar moved against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been affected as follows:

	Loss		Equity	
	2015 $	2014 $	2015 $	2014 $
Movement in Australian dollar against foreign currency:	*Increase/ (decrease)*	*Increase/ (decrease)*	*Increase/ (decrease)*	*Increase/ (decrease)*
Strengthening of AUD by 10%	**222,591**	145,147	**222,591**	145,147
Weakening of AUD by 10%	**(222,591)**	(145,147)	**(222,591)**	(145,147)

Interest rate risk
The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out of 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the company has no variable rate interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The Offset Loan Agreement charges an interest rate of 10% per annum on outstanding balances, capitalised until the maturity of the loan. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

As at reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	2015 $	2014 $
Financial Assets		
Cash and cash equivalents (interest-bearing accounts)	**175,938**	4,211,095
Net exposure	**175,938**	4,211,095

19. Financial instruments (cont.)

During the financial year ended 30 June 2015, the Company earned interest on financial assets of the Group.

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectation of the settlement period of all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

30 June 2015	Weighted Average Effective Interest Rate %	Less than 1 month	1 to 3 month	3 months to 1 year	1 to 5 years	Total
Financial Assets						
Non-interest bearing		2,865,195	-	-	-	2,865,195
Variable interest rate instruments	0%	175,938	-	-	-	175,938
Fixed interest rate instruments	2.78%	-	77,120	-	-	77,120
		3,041,133	**77,120**	-	-	**3,118,253**
Financial Liabilities						
Non-interest bearing		(8,848,420)	-	-	-	(8,848,420)
Fixed interest rate instruments	10.00%	-		-	(2,499,342)	(2,499,342)
		(8,848,420)		-	**(2,499,342)**	**(11,347,762)**
Net Financial Assets		**(5,807,287)**	**77,120**	-	**(2,499,342)**	**(8,229,509)**

30 June 2014	Weighted Average Effective Interest Rate %	Less than 1 month	1 to 3 month	3 months to 1 year	1 to 5 years	Total
Financial Assets						
Non-interest bearing		1,059,981	-	-	-	1,059,981
Variable interest rates instruments	1.16%	4,211,095	-	-	-	4,211,095
Fixed interest rates instruments	3.57%	-	6,111,472	-	-	6,111,472
		5,271,076	**6,111,472**	-	-	**11,382,548**
Financial Liabilities						
Non-interest bearing		(3,707,897)	-	-	-	(3,707,897)
Fixed interest rate instruments	6.00%	-	(285,990)	-	-	(285,990)
Net Financial Assets		**(3,707,897)**	**(285,990)**	-	-	**(3,993,887)**
		1,563,179	**5,825,482**	-	-	**7,388,661**

Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

19. Financial instruments (cont.)

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2015 $	2014 $
CHANGE IN LOSS		
Increase in interest rate by 1%	19,137	71,271
Decrease in interest rate by 1%	(19,137)	(71,271)

	2015 $	2014 $
CHANGE IN EQUITY		
Increase in interest rate by 1%	19,137	71,271
Decrease in interest rate by 1%	(19,137)	(71,721)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has no significant exposure to liquidity risk. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained. All financial liabilities are due within 30 days.

Remaining contractual maturities
The following table details the expected maturity of the Group's financial liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

Consolidated	W.Av Interest Rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	Remaining contractual maturities $
2015						
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	7,127,182	-	-	-	7,127,182
Interest bearing – fixed rate						
Borrowings - Confirmed Capital Receivables facility	9.25%	-	-	1,721,238	-	1,721,238
Borrowings – offset loan agreement	10.0%	-	-	-	2,499,342	2,499,342
Total non-derivatives		**7,127,182**	**-**	**1,721,238**	**2,499,342**	**11,347,762**
Derivatives						
Total derivatives		**-**	**-**	**-**	**-**	**-**
2014						
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	3,707,897	-	-	-	3,707,897
Interest bearing – fixed rate						
Borrowings – offset loan agreement	6.0%	-	-	-	285,990	285,990
Total non-derivatives		**3,707,897**	**-**	**-**	**285,990**	**3,993,887**
Derivatives						
Forward exchange contracts net settled	-	90,992	-	-	-	90,992
Total derivatives		**90,992**	**-**	**-**	**-**	**90,992**

19. Financial instruments (cont.)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group operates in the mining exploration sector; it therefore does not have trade receivables and is not exposed to credit risk in relation to trade receivables. The Group does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

The Group does not hold any credit derivatives to offset its credit exposure which is considered appropriate for a junior explorer.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables. The nature of the business is such that it is common not to maintain material receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group's cash deposits are held with a major Australian banking institution (Commonwealth Bank of Australia and NAB) holding a AA- credit rating, otherwise, there are no significant concentrations of credit risk within the Group. The Company also holds bank accounts with Chase in the US (A+ Rating) and TD Canada Trust (AA-), Bank of Montreal.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

The Group has in place the Offset Loan Agreement and trade payables. There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Commodity Price Risk

The Group's exposure to commodity price risk is limited given the Group is still in the development phase.

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

20. Key management personnel

Refer to note 17 for details of remuneration paid to key management personnel and other related party transactions.

21. Share based payments

The following outlines the fair value calculations for share based payments issued during the period.

(i) Performance Rights

During the financial year the movements in performance rights issued by the Company was as follows:

Balance at Start of Year	Issued as Remuneration	Exercised	Forfeited	Balance at End of Year
4,585,000	920,000	-	(2,845,000)	2,660,000

Performance rights issued during the year, and the value of rights issued in prior years that vested in the current year resulted in share based payments expenses of $1,732,990 (2014: $1,063,392). An amount of $84,952 (2014: $315,191) related to share based payment made to the Directors of the Company.

The follow table outlines the share based payment expense for 2015:

	$
Share based payment expense for the previous year (to 30 June 2014)	1,063,392
Share based payment expense for the current year (to 30 June 2015)	669,010

The fair value of these Performance Rights was calculated by using a probability based valuation methodology with reference to the share price at the grant date to issue the Performance Rights.

2015 Date Issued	Class	Number Issued	Value Per Right	Probability at grant date	Condition	Total Value	Vesting Period (Years)	Value Vested Current Period	Value Not Vested
1/7/14	Class 7	60,000	$1.710	10%	Non-market	$10,260	3	$3,408	$6,852-
1/7/14	Class 8	60,000	$1.710	50%	Non-market	$51,300	2	$25,580	$25,720
1/7/14	Class 9	60,000	$1.710	80%	Non-market	$82,080	1	$81,855	$225
1/7/14	Class 10	60,000	$1.6673	N/A	Market	$100,035	1	$99,761	$274
1/7/14	Class 11	60,000	$1.6245	N/A	Market	$97,470	2	$48,601	$48,869
1/7/14	Class 13	60,000	$1.710	75%	Non-market	$76,950	2	$38,370	$38,580
1/7/14	Class 19	100,000	$1.710	50%	Non-market	$85,500	2	$42,633	$42,687
1/7/14	Class 20	100,000	$1.710	50%	Non-market	$85,500	4	$21,316	$64,184
1/7/14	Class 7	50,000	$1.510	10%	Non-market	$7,550	3	$2,060	$5,490
1/7/14	Class 8	50,000	$1.510	50%	Non-market	$37,750	2	$15,462	$22,288
1/7/14	Class 9	50,000	$1.510	80%	Non-market	$60,400	1	$49,478	$10,922
1/7/14	Class 10	50,000	$1.4345	N/A	Market	$71,725	1	$58,756	$12,969
1/7/14	Class 11	50,000	$1.3590	N/A	Market	$67,950	2	$27,832	$40,118
1/7/14	Class 13	50,000	$1.510	75%	Non-market	$56,625	2	$23,193	$33,432
1/7/14	Class 19	30,000	$1.510	50%	Non-market	$22,650	2	$9,277	$13,373
1/7/14	Class 20	30,000	$1.510	50%	Non-market	$22,650	4	$4,639	$18,011
		920,000				$936,395		$552,220	$384,175

21. Share based payments (cont.)

2014 Date Issued	Class	Number Issued	Value Per Right	Probability at grant date	Condition	Total Value	Vesting Period (Years)	Value Vested Current Period	Value Not Vested
1/9/13	Class 3	80,000	$1.105	100%	Non-market	$88,400		$88,400	-
1/9/13	Class 5	80,000	$1.105	N/A	Market	$88,400		$88,400	-
1/9/13	Class 6	80,000	$1.089	N/A	Market	$87,117		$87,117	-
1/9/13	Class 7	80,000	$1.105	0%	Non-market	-	3.5	-	$88,400
1/9/13	Class 8	80,000	$1.105	0%	Non-market	-	2.5	-	$88,400
1/2/14	Class 3	30,000	$1.31	100%	Non-market	$39,300	0.5	$39,300	$ 0
1/2/14	Class 7	30,000	$1.31	10%	Non-market	$39,300	3	$534	$38,766
1/2/14	Class 8	30,000	$1.31	50%	Non-market	$39,300	2	$4,011	$35,289
1/2/14	Class 9	30,000	$1.31	80%	Non-market	$39,300	1	$12,834	$26,466
1/2/14	Class 10	30,000	$1.28	N/A	Market	$38,388	1	$15,671	$22,717
1/2/14	Class 11	30,000	$1.26	N/A	Market	$37,926	2	$7,741	$30,185
1/2/14	Class 12	30,000	$1.31	100%	Non-market	$39,300	0.5	$39,300	$ 0
1/2/14	Class 13	30,000	$1.31	75%	Non-market	$39,300	2	$6,016	$33,284
1/5/14	Class 10	20,000	$1.69	N/A	Market	$33,846	1	$5,564	$28,282
1/5/14	Class 11	20,000	$1.68	N/A	Market	$33,524	2	$2,755	$30,769
1/5/14	Class 13	20,000	$1.71	75%	Non-market	$34,200	2	$2,108	$32,092
1/5/14	Class 14	50,000	$1.71	50%	Non-market	$85,500	3	$2,340	$83,160
1/5/14	Class 15	100,000	$1.71	25%	Non-market	$171,000	4	$1,756	$169,244
1/5/14	Class 16	100,000	$1.71	10%	Non-market	$171,000	5	$562	$170,438
1/5/14	Class 17	100,000	$1.71	10%	Non-market	$171,000	5	$562	$170,438
1/5/14	Class 18	100,000	$1.71	50%	Non-market	$171,000	2	$7,027	$163,973
		1,150,000				$1,447,101		$411,998	$1,211,903

21. Share based payments (cont.)

Details of Performance Right Vesting Conditions

The vesting conditions relating to unexercised performance rights are set out below:

Class 3: Performance Rights will convert into Shares upon the achievement of a JORC Measured Mineral Resource of not less than 50Mt of metallurgical coal over the projects in which the Company has a beneficial interest;

Class 5: Performance Rights will convert into Shares upon the VWAP of the Company's Shares as traded on ASX over 20 days being equal to or exceeding 90 cents;

Class 6: Performance Rights will convert into Shares upon the VWAP of the Company's Shares as traded on ASX over 20 days being equal to or exceeding $1.20;

Class 7: Performance Rights will convert into Shares upon the Company completing a positive BFS at any of the projects the Company's has a beneficial interest in; and

Class 8: Performance Rights will convert into Shares upon the Company successfully securing a binding unconditional off-take agreement with a suitable party as agreed by the Company in respect of any of the projects in which the Company has a beneficial interest.

Class 9: Performance Rights will convert into Shares upon the achievement of a JORC Mineral Reserve of not less than 50Mt of metallurgical coal over the projects in which the Company has a beneficial interest;

Class 10: Performance Rights will convert into Shares upon the VWAP of the Company's shares as traded on ASX over 20 days being equal to or exceeding $2.25;

Class 11: Performance Rights will convert into Shares upon the VWAP of the Company's shares as traded on ASX over 20 days being equal to or exceeding $2.75;

Class 12: Performance Rights will convert into Shares upon the completion of a positive pre-feasibility study at the Groundhog Anthracite Project.

Class 13: Performance Rights will convert into Shares upon the Company successfully completing the first truckload of anthracite from the bulk sample at the Groundhog Anthracite Project at the mine gate.

Class 14: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 125,000 tonnes from the Groundhog Anthracite Project.

Class 15: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 750,000 tonnes from the Groundhog Anthracite Project.

Class 16: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 1,500,000 tonnes from the Groundhog Anthracite Project.

Class 17: Performance Rights will convert into Shares upon the Company successfully completing total anthracite sales under a binding off-take agreement and subsequently receiving payment under the agreement for at least 2,500,000 tonnes from the Groundhog Anthracite Project.

Class 18: Performance Rights will convert into Shares upon completion of a strategic financing by the Company with which the holder has played a material role in completing.

Class 19: Performance Rights will convert into Shares upon approval of a small scale mining permit.

Class 20: Performance Rights will convert into Shares upon approval of a full scale mining permit.

(ii) Options

On 14 March 2014, the Group issued 100,000 options expiring 14 March 2017, exercisable at $1.40 each to consultants.

The Group has rebutted the presumption that the fair value of service can be a reliable measure and as a result the options have been separately valued and the fair value determination is as follows:

21. Share based payments (cont.)

The assessed fair value at grant date of options issued during the 2014 year amounted to $113,350 determined by internal valuation using the black-scholes option pricing model. There were no options issued during 2015.

Set out below are the valuation model inputs used to determine the fair value of the options issued:

	2014
Share price at grant date:	$1.80
Life of option:	3 years
Expected share price volatility:	88.5%
Risk free rate:	2.90%

Details of other performance rights movements and balances are set out in Note 12.

22. Reserves

Nature and purpose of reserves

Share based payments reserve

The reserve is used to record the fair value of share based payments, such options and performance rights, issued as remuneration to employees, or as consideration for the purchase of assets, services, or extinguishment of liabilities.

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

23. Events since the end of the financial year

Entitlement Offer and Placement

On 17 August 2015 The Company closed an Entitlement Offer and raised approximately $5 million in total. Eligible shareholders subscribed for approximately 9,8 million new shares (representing approximately $5 million under the Entitlement Offer.

The balance of approximately 0.15 million new shares (representing approximately $0.08 million) in respect of which entitlements were not taken up by Eligible shareholders were be allocated to the underwriter, by Blackwood Capital Pty Ltd .

On 3 September 2015, The Company completed a A$3m institutional investor discretionary placement on the same terms as the prior Entitlement Issue. Approximately 6 million new shares were issued.

Appointment of John Wasik

On 31 August 2015, the Company appointed Mr John Wasik as a Non-Executive Director. Mr Wasik is a highly experienced coal specialist, John is currently a Non-Executive Director of Cobbora Holding Co. a permitted coal mine in NSW owned by the NSW State Government and a Non-Executive Director of Kuro Coal Ltd, a subsidiary of Atrum.

Appointment of Robert Bell

On 31 August 2015, the Company appointed Mr Robert Bell as a Non-Executive Director. Bob Bell is a qualified Mining Engineer with more than 27 years' experience in the Canadian coal industry and international coal markets.

Anglo Pacific Coal Licence Acquisition – Promissory Note

Subsequent to the end of the financial year, the Company extended the Promissory Note signed with Panorama Coal Corporation, a subsidiary of Anglo Pacific PLC ("Anglo Pacific") (LSE: APF, TSX: APY) to December 2015.

Material terms of the extension included a US$100,000 extension fee, an issue of 200,000 fully paid ordinary shares and the issue of 1,150,000 two year $0.80 options.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the statement of profit and loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    (b) give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date.

2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. The Directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Directors.

James Chisholm
Executive Director

Sydney, 30 September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of Atrum Coal NL

Report on the Financial Report

We have audited the accompanying financial report of Atrum Coal NL, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Atrum Coal NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Atrum Coal NL is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through METC funding and/or funding through debt, equity or convertible notes. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Atrum Coal NL for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 30 September 2015

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ATRUM COAL NL

As lead auditor of Atrum Coal NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Atrum Coal NL and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2015

HOLDINGS AS AT 29 SEPTEMBER 2015

The number of shareholders, by size of holding are:

Spread of Holdings	Holders	Securities	% of issued capital
1-1,000	157	67,864	0.4%
1,001-5,000	317	959,934	0.51%
5,001-10,000	233	1,850,969	0.99%
10,001-100,000	634	21,785,877	11.69%
100,001 - and over	170	161,738,316	86.77%
Total on register	1,511	186,402,960	100.00%
Total overseas holders	79	10,670,290	5.72%
Number of holders of less than a marketable parcel	122		
Percentage of the 20 largest holders		118,495,134	63.56%

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

	Number	Percentage
Lenark Pty Ltd (and associated entities)	38,622,266	20.74%
Russell Harold Moran (and associated entities)	30,371,977	16.29%
Gino D'Anna (and associated entities)	11,785,000	6.32%

Voting Rights

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

20 LARGEST HOLDERS OF SECURITIES AS AT 22 SEPTEMBER 2014:

	Fully paid	
Ordinary Shareholder	Number	Percentage
Lenark PL	38,662,266	20.74%
Moran Harold Russell	30,371,977	16.29%
D'Anna Gino	11,785,000	6.32%
J P Morgan Nom Aust Ltd	5,702,945	3.06%
Lujeta PL	3,561,565	1.91%
UBS Nom PL	3,188,707	1.71%
Wallis-Mance PL	2,869,412	1.54%
Hurst Douglas Culmer	2,858,824	1.53%
Topsfield PL	2,535,505	1.36%
Sandhurst Ttees Ltd	2,237,563	1.20%
CTSF PL	2,032,310	1.09%
Ben Roth Entps PL	1,846,124	0.99%
Elphinstone Hldgs PL	1,806,667	0.97%
Willstreet PL	1,575,000	0.84%
Ashaba PL	1,445,589	0.78%
Stephens B O + E J	1,300,000	0.70%
Citicorp Nom PL	1,262,738	0.68%
Anglo Pacific Grp PLC	1,200,000	0.64%
Yarandi Inv PL	1,152,942	0.62%
Monex Boom Sec HK Ltd	1,100,000	0.59%
Top 20 total	118,495,134	63.56%

PARTLY PAID SHARES

Details of partly paid shareholders are as follows:

	Number	
Russell Harold Moran (and associated entities)	2,761,600	100.00%
Total	**2,761,600**	**100.00%**

UNLISTED OPTIONS

Details of unlisted option holders are as follows:

Class of unlisted options	Number of Options	Number of Holders
Options exercisable at 30 cents each on or before 24 July 2016	4,300,000	1
Holdings of more than 20% of this class		
- Blackwood Capital Limited	4,300,000	
Options exercisable at 30 cents each on or before 30 January 2016	150,000	1
Holdings of more than 20% of this class		
- Mr. Nathan William Ryan	150,000	
Options exercisable at $1.40 each on or before 14 March 2017	100,000	1
Holdings of more than 20% of this class		
- Mr. Nathan William Ryan	100,000	

RESTRICTED SECURITIES

The company has no restricted securities on issue as at the date of this report.

ON-MARKET BUY-BACK

Currently there is no on-market buy-back of the Company's securities.

CONSISTENCY WITH BUSINESS OBJECTIVES

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.

Atrum Coal Groundhog Inc.

Tenure Number	Owner	Tenure Type	Tenure Sub Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
417079	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	991.0
417080	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	565.0
417081	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	636.0
417082	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	212.0
417084	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	708.0
417085	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	1031.0
417086	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	142.0
417088	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	777.0
417089	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	142.0
417090	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	568.0
417094	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	71.0
417095	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	425.0
417096	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	71.0
417098	147498 (100%)	Coal	License	104A	2005/oct/21	2014/oct/21	GOOD	1204.0
417520	147498 (100%)	Coal	License	104A	2006/sep/12	2014/sep/12	GOOD	212.0
417521	147498 (100%)	Coal	License	104A	2006/sep/12	2014/sep/12	GOOD	142.0
417522	147498 (100%)	Coal	License	104A	2006/sep/12	2014/sep/12	GOOD	71.0
417523	147498 (100%)	Coal	License	104A	2006/sep/12	2014/sep/12	GOOD	354.0
418443	147498 (100%)	Coal	License		2014/jan/15	2015/jan/15	GOOD	1416.0
418444	147498 (100%)	Coal	License		2014/jan/15	2015/jan/15	GOOD	1416.0
418445	147498 (100%)	Coal	License		2014/jan/15	2015/jan/15	GOOD	1417.0
418446	147498 (100%)	Coal	License		2014/jan/15	2015/jan/15	GOOD	1205.0
418587	147498 (100%)	Coal	License		2014/jun/11	2015/jun/11	GOOD	1411.0
418588	147498 (100%)	Coal	License		2014/jun/11	2015/jun/11	GOOD	1412.0
418589	147498 (100%)	Coal	License		2014/jun/11	2015/jun/11	GOOD	1273.0
418590	147498 (100%)	Coal	License		2014/jun/11	2015/jun/11	GOOD	1415.0
1029685	147498 (100%)	Mineral	Claim	104A	2014/jul/17	2015/jul/17	GOOD	619.7
394847	147423 (100%)	Coal	License	104A	2002/jul/12	2015/jul/12	GOOD	259.0
394848	147423 (100%)	Coal	License	104A	2002/jul/12	2015/jul/12	GOOD	259.0
394849	147423 (100%)	Coal	License	104A	2002/jul/12	2015/jul/12	GOOD	259.0
417100	147423 (100%)	Coal	License	104A	2005/nov/07	2014/nov/07	GOOD	71.0
417101	147423 (100%)	Coal	License	104A	2005/nov/07	2014/nov/07	GOOD	960.0
417297	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	918.0
417298	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	1059.0
417528	147423 (100%)	Coal	License	104A	2006/sep/13	2014/sep/13	GOOD	142.0
417967	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1411.0
417968	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1411.0
417969	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1413.0
417970	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1412.0
417980	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1416.0
417981	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1416.0
417984	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1412.0
417985	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1412.0
417986	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1413.0
417987	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1413.0
417988	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1415.0
417989	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1415.0
417990	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1416.0
417991	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1417.0
417992	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1417.0
417993	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1273.0
417994	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1415.0
418104	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	2775.0
418122	147498 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	3375.0

Kuro Coal Panorama Inc.

Tenure Number	Owner	Tenure Type	Tenure Sub Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
417525	147423 (100%)	Coal	License	104A	2006/sep/13	2014/sep/13	GOOD	425.0
417526	147423 (100%)	Coal	License	104A	2006/sep/13	2014/sep/13	GOOD	707.0
417527	147423 (100%)	Coal	License	104A	2006/sep/13	2014/sep/13	GOOD	71.0
417291	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	73.0
417292	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	279.0
417295	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	851.0
417296	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	71.0
417300	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	355.0
417301	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	851.0
417293	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	426.0
417294	147423 (100%)	Coal	License	104A	2006/mar/03	2015/mar/03	GOOD	284.0
417632	147423 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1136.0
418505	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418506	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418507	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418508	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418509	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418510	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418511	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418512	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418513	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418514	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	375.0
418515	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418516	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
418517	147527 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0

Atrum Coal Peace River Inc.

Tenure Number	Owner	Tenure Type	Tenure Sub Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
418103	147497 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1875.0
418106	147497 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	5325.0
418136	147497 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1875.0

Atrum Coal Naskeena Inc.

Tenure Number	Owner	Tenure Type	Tenure Sub Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
417726	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	300.0
417838	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
417839	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
417840	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
417841	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
417842	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1200.0
417843	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1500.0
417844	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1275.0
417845	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1125.0
417995	147515 (100%)	Coal	Application		1900/jan/01	1900/jan/01	GOOD	1488.0