

ASX Announcement

28 January 2022

QUARTERLY ACTIVITIES REPORT

For the Quarter Ended 31 December 2021

Atrum Coal Limited (ASX: ATU) (**Atrum** or the **Company**) provides its Quarterly Activities Report for the period ending 31 December 2021.

KEY POINTS

- Government of Alberta deadline for receiving report and recommendations from the independent Coal Policy Committee extended to 31 December 2021.
- Subsequent to the end of the quarter, Government of Alberta Minister of Energy Sonya Savage confirmed receipt of reports from the Coal Policy Committee.
- All exploration activities on Category 2 lands (including Atrum's Elan Hard Coking Coal Project) remain suspended pending Alberta's new coal policy development.
- Atrum continues support for the Alberta Responsible Mining Initiative, presenting facts and science with respect to a proposed modern, ethical and responsible approach to metallurgical coal mine development and operation.
- National Coalition of Chiefs release Opinion Editorial (Op-Ed) supportive of metallurgical coal industry in Alberta.
- Appeals in Provincial and Federal Courts by Grassy Mountain and First Nations progress according to prescribed timelines.
- Atrum's stakeholder engagement activities continue through a combination of in-person and virtual meetings and social media activities.
- Atrum and Cabin Ridge have initiated a webinar series to allow Indigenous leaders to share their personal stories and experiences of the positive impacts that mining has provided to them, their families and communities.
- The Government of Canada is developing new national effluent standards for coal mines across the country. A discussion paper outlining the latest proposed approach was issued in January for comment.
- During the quarter, the Company received the final tranche of the 2-for-11 entitlement offer amounting to \$1,567k net of capital raising expenses.
- Atrum held A\$1.8 million cash at 31 December 2021 and zero debt (excluding usual creditors balances).

Elan Hard Coking Coal Project (100% Atrum)

Coal Policy Committee Granted Extension to 31 December 2021

On 10 November 2021, the Government of Alberta extended the reporting deadline for the Coal Policy Committee to 31 December 2021. Consistent with guidance provided by government earlier in 2021, coal exploration activities on Category 2 lands (per current 1976 Coal Policy) remain paused.

Additional guidance provided by the Government of Alberta included that:

- The extension had been granted to ensure the Committee is able to devote the necessary time and attention to the input they have received and for developing recommendations.
- The Coal Policy Committee's reports are to be reviewed in detail by the government before being released publicly.

The [release](#) confirmed that the provincial government “remains committed to the development of a modern coal policy made by Albertans for Albertans.”

Chair of the Coal Policy Committee, Mr. Ron Wallace, was quoted as saying “The committee has been unwavering in our commitment to procedural fairness and transparency. We have requested a deadline extension so that we may better compile, assess and report on the extensive and insightful input submitted.”

Coal Policy Committee Reports received by the Minister of Energy

Subsequent to the end of the quarter, the Company announced that the Minister of Energy, Sonya Savage, issued a statement confirming receipt of the Coal Policy Committee's reports.

“The independent Coal Policy Committee has submitted both the engagement report and the final report, which contains their recommendations on Alberta’s long-term approach to coal. The government will take the necessary time to review the reports’ findings and recommendations carefully before they are released publicly.”

“I thank the committee for their diligence and hard work engaging with Albertans and in developing their recommendations. I also want to thank all Albertans, Indigenous people, communities and organizations that participated in the process and provided their valuable input.”

Atrum welcomed the news confirming receipt of the reports from the Coal Policy Committee and looks forward to future advice, noting that the Minister had not set a schedule for the release of the reports or the new coal policy. Atrum continues to support the introduction of a policy that is balanced, reinforces strong environmental protections, is supportive of Indigenous consultation and socio-economic reconciliation and addresses the long-term land and water stewardship requirements that are important to Albertans.

NCC Opinion Editorial

During the period, Atrum announced that the National Coalition of Chiefs had written an Op-Ed expressing support for metallurgical coal development and mining in Traditional Territories, outlining the requirements from industry and government for their support and highlighting that First Nations alone represent and determine their own interests.

The Op-Ed is available via the following link -

<https://edmontonjournal.com/opinion/columnists/opinionresponsible-coal-mining-key-to-ensuring-indigenous-prosperity-and-sovereignty>

The NCC was established in 2017 with a mandate to defeat on-reserve poverty through Indigenous participation in Canada's natural resource industries.

Grassy Mountain and First Nation Appeals

As previously announced, Piikani Nation and Stoney Nakoda Nations applied for permission to appeal to the Alberta Court of Appeal on the Joint Review Panel (**JRP**) decision for Riversdale Resources' Grassy Mountain Coal Project in the Crowsnest Pass area. Benga Mining Limited, a subsidiary of Riversdale Resources Limited and development proponent for the Grassy Mountain Coal Project, also applied to appeal the JRP decision.

Applications for permission to appeal the provincial decision (JRP in its capacity as the Alberta Energy Regulator) were heard by a single appeal judge on 8 December 2021. That judge will determine whether the case merits review by a full panel of three judges of the Alberta Court of Appeal. The Court of Appeal will likely issue a decision on permission to appeal by the end of January 2022.

If the Court grants permission, the appeal itself will take an additional 10-16 months, with the Court expected to issue its decision between Q4 2022 and Q2 2023.

A separate process (Judicial Review) was initiated on 13 August 2020 to challenge the federal Minister's Decision Statement in Federal Court. The Judicial Review process normally takes between 10 and 16 months.

If the Federal Court grants the judicial review, it will refer the matter back to the Federal Minister of Environment to be redetermined. A favourable Federal Court decision will only be effective if the Alberta Court of Appeal also refers the provincial component of the JRP Report back to the Alberta Energy Regulator, as the Project must be approved by both federal and provincial regulatory authorities.

Responsible Mining Initiative

Atrum continues to support the activities of the Responsible Mining Initiative (**RMI**). The RMI was launched in 2021 with the objective of presenting facts, science and key information to Albertans with respect to modern mining, environmental protection and reclamation practice. It was introduced, in part, to counter misinformation being spread with respect to various mine development practices.

The key content of the RMI can be found at www.responsiblemining.ca and information related to the RMI is also shared on the follow social media accounts:

- Twitter: @responsiblemng
- Facebook: Responsible Mining
- LinkedIn: ARMI – Alberta Responsible Mining Initiative
- Instagram: @responsibleminingab

Conversations with Indigenous Leaders

Atrum continues to work collaboratively with the adjoining Cabin Ridge Project in Alberta to progress the objective of promoting Indigenous socio-economic reconciliation and self-determination. Both parties seek to establish Indigenous parties as co-proponents of responsible and modern ethically sourced metallurgical (steelmaking) coal projects in southwest Alberta through a long-term partnership model that pursues the highest standards for environmental protection and provides significant opportunity for economic participation.

Atrum and Cabin Ridge have initiated a webinar series to allow Indigenous leaders to share their personal stories and experiences of the positive impacts that mining has provided to them, their families and communities.

The first webinar involved National Coalition of Chiefs President, Mr. Dale Swampy, interviewing Mr. Jerry Asp from the Tahltan Nation in Northern British Columbia. Mr. Asp is the ex-Chief of the Tahltan Nation, one of Canada's most prominent Indigenous leaders and a tireless advocator for the inclusion of Indigenous Peoples in the mining industry.

An excerpt from the full interview is provided here -

<https://responsiblemining.ca/canada-is-a-global-leader/#Conversations>

Some of Mr. Asp's memorable quotes are as follows:

- *"We create transformational change by bringing together modern technology with traditional knowledge and wisdom to create a new model of sustainable development"*
- *"How did we become a thriving Nation again? We looked off the Reserve for solutions - Mining, Forestry & Hydro development"*

Coal Mining Effluent Regulations

The Government of Canada is developing new national effluent standards for coal mines across the country. The purpose of the regulations is to protect fish and fish habitat. The regulations will set quality standards for selenium, nitrate, suspended solids pH and toxicity and put in place requirements for monitoring, reporting and record keeping.

A discussion paper outlining the latest proposed approach was issued in January. The paper builds on four previous rounds of engagement with industry, Indigenous peoples, environmental non-governmental organizations and provinces.

The discussion paper sets out proposed effluent limits reflecting expert opinion gathered to date. The document notes that several treatment technologies have proven effective in removing selenium equipping Canadian mines to achieve over 95% removal rates.

Information sessions to review the discussion paper will be held in February and comments will be accepted until March 1, 2022. An additional consultation on the proposed regulations will be held late in 2022 and the final regulations will be put in place late in 2023.

Continued Stakeholder Engagement Activities

Outreach, discussion and meetings continue with key stakeholders and important voices who have weighed in on the subject of metallurgical coal mining in Alberta. Following province-wide municipal elections in late October, additional information and offers to meet have been issued to newly elected Mayors, Reeves and Councils in the communities which have expressed interest and/or concern about new metallurgical coal mining projects.

Elan project update

Elan Project Pre-Feasibility Study (PFS) remains paused pending the outcome of the current process to deliver a new, modern coal policy. Environmental monitoring continued in the quarter as part of Atrum's commitment to preserve the continuity of environmental baseline studies.

Groundhog and Panorama Project

During the quarter ended 31 December 2021, the Company paid C\$587k for the renewal of the tenements that comprise the Groundhog and Panorama Project for the years 2021 and 2022.

The Government of British Columbia had deferred the 2020 payment to December 2021 due to COVID-19. According to the joint venture agreement with JOGMEC, we expect a refund of approximately \$422k from JOGMEC regarding those charges.

Corporate

Entitlement Offer

During the quarter, the Company received the final tranche of the 2-for-11 entitlement offer amounting to \$1,567k net of capital raising expenses. A total of 105,806,683 shares at \$0.03 were issued with respect to the entitlement offer, bringing the net amount received to \$2,893k, after capital raising expenses of \$281k.

Cash and debt position

Atrum held A\$1.8 million cash at 31 December 2021. The Company has no debt, excluding usual creditors balances.

Cost reduction measures that were implemented to reflect the significantly lower level of site activities in 2021 remain in place.

ASX additional information

- **ASX Listing Rule 5.3.1:** Exploration and evaluation expenditure during the quarter was A\$1,650,954. Details of exploration activity during the December 2021 quarter are set out in this report and are mostly associated with environmental baseline studies, reporting with respect to the Company's Elan Project in Canada and payment of annual leases (2020 and 2021) of the Groundhog and Panorama Projects .
- **ASX Listing Rule 5.3.2:** There were no substantive mining production or development activities during the quarter.
- **ASX Listing Rule 5.3.3:** There have been no tenements acquired or disposed of during the quarter.
- **ASX Listing Rule 5.3.5:** Appendix 5B, Section 6.1 – description of payments: During the December 2021 quarter, the Company paid directors fees totaling A\$47,990 to non-executive directors and A\$109,318 to the Managing Director.

This ASX release was authorised on behalf of the Atrum Coal Board by:

Andrew Caruso, Managing Director and CEO

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APPENDIX A: TENEMENTS LIST

Tenure Number	Owner	Business Unit	Tenure Type	Area (Ha)
394847	Atrum Coal Groundhog Inc.	Groundhog	Licence	259
417080	Atrum Coal Groundhog Inc.	Groundhog	Licence	565
417081	Atrum Coal Groundhog Inc.	Groundhog	Licence	636
417082	Atrum Coal Groundhog Inc.	Groundhog	Licence	212
417084	Atrum Coal Panorama Inc.	Panorama North	Licence	708
417085	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,031
417086	Atrum Coal Panorama Inc.	Panorama North	Licence	142
417088	Atrum Coal Groundhog Inc.	Groundhog	Licence	777
417089	Atrum Coal Groundhog Inc.	Groundhog	Licence	142
417094	Atrum Coal Groundhog Inc.	Groundhog	Licence	71
417095	Atrum Coal Groundhog Inc.	Groundhog	Licence	425
417096	Atrum Coal Groundhog Inc.	Groundhog	Licence	71
417098	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,204
417292	Atrum Coal Panorama Inc.	Panorama North	Licence	279
417296	Atrum Coal Panorama Inc.	Panorama North	Licence	71
417297	Atrum Coal Groundhog Inc.	Groundhog	Licence	918
417298	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,059
417299	Atrum Coal Panorama Inc.	Panorama North	Licence	779
417520	Atrum Coal Groundhog Inc.	Groundhog	Licence	212
417521	Atrum Coal Groundhog Inc.	Groundhog	Licence	142
417525	Atrum Coal Panorama Inc.	Panorama North	Licence	425
417526	Atrum Coal Panorama Inc.	Panorama North	Licence	707
417527	Atrum Coal Panorama Inc.	Panorama North	Licence	71
417528	Atrum Coal Groundhog Inc.	Groundhog	Licence	142
418587	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,411
418588	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,412
418589	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,273
418953	Atrum Coal Panorama Inc.	Panorama North	Licence	1,346
418955	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,265
418957	Atrum Coal Panorama Inc.	Panorama North	Licence	1,415
418958	Atrum Coal Panorama Inc.	Panorama North	Licence	1,345
418961	Atrum Coal Panorama Inc.	Panorama North	Licence	71
1320080043	Elan Coal Ltd.	Elan	Coal Lease	1,616
1320080044	Elan Coal Ltd.	Elan	Coal Lease	1,536
1320080045	Elan Coal Ltd.	Elan	Coal Lease	1,724
1320080046	Elan Coal Ltd.	Elan	Coal Lease	1,694
1320080047	Elan Coal Ltd.	Elan	Coal Lease	2,304
1320080048	Elan Coal Ltd.	Elan	Coal Lease	2,165
1320080049	Elan Coal Ltd.	Elan	Coal Lease	1,952
1320080050	Elan Coal Ltd.	Elan	Coal Lease	1,840
1320080051	Elan Coal Ltd.	Elan	Coal Lease	1,024
1320080052	Elan Coal Ltd.	Elan	Coal Lease	1,664
1320080053	Elan Coal Ltd.	Elan	Coal Lease	112

Tenure Number	Owner	Business Unit	Tenure Type	Area (Ha)
1320080054	Elan Coal Ltd.	Elan	Coal Lease	272
1320080055	Elan Coal Ltd.	Elan	Coal Lease	1,726
1320080056	Elan Coal Ltd.	Elan	Coal Lease	1,936
1320080057	Elan Coal Ltd.	Elan	Coal Lease	48
1320080058	Elan Coal Ltd.	Elan	Coal Lease	822
1320080059	Elan Coal Ltd.	Elan	Coal Lease	256