

Chairman's Address

Thank you all for joining us this afternoon to hear the progress we are making leading your company. As most would know by now, I am Chuck Blixt, the Non-Executive Chairman of Atrum Coal Ltd, but as I am attending this AGM by phone due to other travel commitments, George Edwards, one of our Non-Executive Directors is going to actually chair the meeting. However, before starting the formal part of the meeting and handing proceedings over to George, I thought I would take this opportunity to update shareholders on Atrum. I'll let George make the other introductions of the Non-Executive Directors, our Managing Director, our Company Secretary and the auditors who have joined us today to answer any questions you may have about the audit, and to then go through the formal resolutions.

It has been a very busy six months since our last gathering at a general meeting. In that time, Max Wang, our Managing Director, and Jay Hosanee, our CFO, have made significant progress on finalising some overhanging issues that needed to be resolved. Importantly, we have significantly reduced our debt, by swapping convertible notes in Kuro Coal Ltd, our subsidiary, into Atrum stock. You will notice an almost \$800,000 debt reduction in the balance sheet due to note holders having accepted Atrum stock in lieu of their con notes. As well, you would have noticed the repayment of the high interest Moneytech loan from the proceeds of the British Columbia government Mineral Exploration Tax Credit – the funds received from the BC Government more than paid out the Moneytech debt. The Lenark loan has also been reduced and along with the subscription by Lenark in the recent Entitlements Issue, the outstanding loan is now down to just on A\$1m – from almost \$3m just over two years ago. Max and Jay have also been successful in retrieving almost half of the funds paid to Atlantic Carbon Group, and there is now a contract in place that will result in the remaining funds of \$735,000 USD plus interest being repaid by ACG to Atrum.

What is not as apparent is the work behinds the scenes. Over the last few months, Jay and Max have successfully resolved a potential dispute with one of our former logistics partners associated with the Groundhog anthracite project, reduced our annual tenement rental through



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Board of Directors
Non-Exec Chairman
Managing Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Company Secretary

C. Blixt
M. Wang
C. Fear
G. Edwards
J. Chisholm
J. Stedwell

Key Projects
Groundhog
Elan
Bowron River

Ownership: 100%
Ownership: 100%
Ownership: 100%

the relinquishment of non-core tenements at Groundhog and Panorama, and the Naskeena Project. Further, we have developed strong relationships with the vendors of the Elan project, who are now major shareholders in Atrum.

Max elegantly re-worked the Elan deal to allow Atrum to acquire 100% of the project, which will benefit all shareholders. And he and Daniel Campbell, our senior geologist, succeeded in optimising the 2017 Panorama drilling which has led JOGMEC to move to the third year of exploration funding in the Panorama North Anthracite Project.

Our stock price has not yet reflected the potential of this success. Elan has multiple project areas – with Elan South, Wildcat and Savanna looking particularly interesting from a Hard Coking Coal perspective, and shareholders should note that as Chinese mills tend towards higher spec steel, they are increasing the quantities of Hard Coking Coal used in their coke blends, much like Japan and Korea. And let's not forget that while all this was going on, we secured approval from the Alberta Government to drill Elan South for the next two years.

The JOGMEC relationship is another key success that requires some further explanation – as shareholders would know, JOGMEC has been established by the Japanese Government to invest in early stage exploration of key minerals required by Japan. JOGMEC's charter is to partner with exploration companies to identify projects, explore areas and discover minerals in sufficient quantity and quality to justify economic development by one or more major Japanese companies. In our case, JOGMEC is interested in anthracite as a supply for steel mills in Japan and there are numerous Japanese Steel Mills that could take over the development from JOGMEC. At the end of this drilling season, JOGMEC will hold 35% of Panorama North and it is possible that we will have further discussions with JOGMEC, and potentially other Japanese partners through JOGMEC, with respect to the next stage of exploration and development at Panorama.

Besides paying down debt, acquiring the Elan Hard Coking Coal project, securing exploration licenses for Elan South, progressing the JOGMEC joint venture, securing payments from Atlantic Carbon Group, and resolving an overhanging potential dispute, we have also raised additional funds, brought new major shareholders onto the register, significantly reduced legal and administration costs including reducing office costs, relocated our key office to be within a half-hour drive of Elan, and met with a number of mining companies, institutions and investors, all of whom are awaiting results from the upcoming drilling at Elan South. As noted above, Hard Coking Coal is in big demand, and regardless of the negative press that coal is subjected to these days, it is clear that Hard Coking Coals are going to remain in demand for the foreseeable future.

What we have not done well, perhaps, is clearly communicate all this to the market. In addition our founders and former directors have been selling large numbers of shares and our share price has suffered. So, we are taking this opportunity to update all shareholders on the significant progress made by the management and Board of Atrum. I think, when you look at the audited accounts, and reflect on the notes above, you will agree that we have been

responsibly managing your investment to provide you all the best opportunity to make a return on that investment.

We find ourselves in an enviable position, with not one but multiple Hard Coking Coal opportunities, not one but multiple high-quality anthracite opportunities and one of which already has a well-funded, high profile joint venture partner, and of course, we still have our Groundhog project and our Bowron project. Once we have completed the important work at Elan and Panorama this year, we will do further desktop studies on the Bowron project during the winter months, when we cannot explore on site.

With drilling to start at Elan immediately and at Panorama in August, we expect regular news flow as we progress. So, over the coming months, with the balance sheet sorted, overhanging issues resolved, a successful capital raise completed, regular news flow, and the investor market becoming more aware of the value of Hard Coking Coals, we expect our share price to stabilise and start to reflect the inherent value of the Company's valuable assets.

As always, if you have any questions, please do not hesitate to make contact with our Managing Director, Max Wang, our CFO, Jay Hosanee, our Company Secretary Justyn Stedwell or any of the directors.

Yours sincerely

Chuck Blixt