

ASX Announcement

22 April 2020

SUCCESSFUL A\$22M EQUITY RAISING

HIGHLIGHTS

- Two-tranche placement of approximately 95.7 million shares at an issue price of A\$0.23 per share to raise approximately A\$22M.
- Strong demand from existing shareholders plus new institutional investors introduced to the register.
- Major shareholder, Tim Roberts (Warburton Group), has subscribed for approximately A\$7M of the placement resulting in his total shareholding increasing to 19.9% post issuance of both tranches.
- Atrum now well-funded to progress the world-class Elan Hard Coking Coal Project through Pre-Feasibility Study completion and formal permitting application, with concurrent drilling activities.
- 2020 drilling program targeted at both resource growth and classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule.¹
- Elan PFS completion targeted for mid-2021, subject to the length and extent of COVID-19 related operating restrictions.
- Residual coal quality testwork results for Isolation South and Elan South expected in coming months.

Atrum Coal Limited (ASX: ATU) (**Atrum** or the **Company**) advises that it has successfully raised approximately A\$22.0 million of new equity funds via the issue of 95.7 million new fully paid ordinary shares (**New Shares**) in a two-tranche placement at an issue price of A\$0.23 per share (**Placement**).

The Placement was well supported with strong demand received from institutional and sophisticated investors based in Australia and internationally. This allowed the introduction of a number of new institutional investors on to the Atrum share register.

Funds raised will enable Atrum to undertake Pre-Feasibility Study (PFS) activities and associated drilling on its 100%-owned, world-class Elan Hard Coking Coal Project (**Elan Project**) in southern Alberta, Canada. These planned workstreams include in-fill and extensional drilling programs, detailed coal quality testing, comprehensive environmental studies and other work programs targeted at completion of a PFS and permitting of a development at Elan. In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule.

Atrum Managing Director and CEO, Max Wang, commented: *"Following the recent completion of the successful Scoping Study on the Elan Project, this equity raising allows us to confidently plan for the key PFS workstreams needing to be undertaken over the coming year. We are now well-funded to undertake all activities required for completion of a PFS on Elan and submission of a detailed permitting application for development of this world-class hard coking coal asset. We continue to assess the operating environment around COVID-19 and, while safety remains our overarching priority, we will be actively looking to ramp up on-the-ground drilling activities and PFS work at the first, safe available opportunity."*

Placement details

Tranche 1 of the Placement is being undertaken pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1. It will raise approximately A\$15.3 million via the issue of approximately 66.7 million new shares. Settlement of Tranche 1 of the Placement is expected to occur on or around Wednesday 29 April 2020.

Tranche 2 of the Placement will raise approximately A\$6.7 million via the issue of approximately 29.0 million new shares, subject to shareholder approval to be sought at an Atrum General Meeting expected to be held on or around the third week of June 2020.

All members of the Atrum Board have subscribed for shares in the Placement, being approximately A\$343,000 of the new shares in Tranche 2, with this subscription also subject to shareholder approval at the same meeting.

The New Shares will be quoted on the ASX following issue and will rank pari passu with the existing fully paid ordinary shares currently on issue.

The Placement issue price of A\$0.23 per fully paid ordinary share represents a discount of 17.9% to Atrum's last close price of A\$0.28 (17 April 2020) and a discount of 2.0% to Atrum's 5-day VWAP of \$0.2347.

Use of funds

Following recent completion of a successful Scoping Study on the Elan Project, the new equity funds are set to be primarily applied towards PFS activities at the Elan Project along with a concurrent exploration and coal quality drilling program (seeking to expand and upgrade existing resource classification). In particular, the 2020 drill program will target resource growth as well as classification upgrade of the 108 Mt of in-pit Inferred resources at Isolation South that were excluded from the Scoping Study mine schedule.

Current social and operating constraints associated with the COVID-19 pandemic have meant that full commencement of these activities is necessarily paused, with work limited to predominantly desktop study activities for the time being. The Atrum Board will be regularly reassessing this status as local and global conditions evolve and is targeting rapid commencement of full-scale PFS and drilling activities as soon as is safe and appropriate for local circumstances in the Crowsnest Pass.

Completion of the PFS on the Elan Project is currently targeted for mid-2021. This timeline is naturally subject to the length and extent of COVID-19 related operating restrictions.

Settlement timetable

The indicative settlement timetable for the Placement is set out below.

Indicative settlement timetable	
Settlement of Tranche 1 shares	Wednesday 29 April 2020
Expected allotment of Tranche 1 shares	Thursday 30 April 2020
Shareholder meeting to approve issue of Tranche 2 shares (target timing)	On or around third week of June 2020
Settlement of Tranche 2 shares	On or around third week of June 2020
Expected allotment of Tranche 2 shares	On or around third week of June 2020

Argonaut acted as Lead Manager, Bookrunner and Settlement Agent to the Placement. Petra Capital and Shaw and Partners acted as Joint Bookrunners and Co-Managers.

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

Max Wang, Managing Director and CEO

For further information, contact:

Max Wang

Managing Director and CEO
M: +1 403 973 3137
E: mwang@atrumcoal.com

Justyn Stedwell

Company Secretary
T: +61 3 9191 0135
E: jstedwell@atrumcoal.com

Michael Vaughan

IR & Media, Fivemark Partners
T: +61 422 602 720

About Atrum Coal

Atrum Coal (ASX: ATU) is a metallurgical coal developer. The Company's flagship asset is the 100%-owned Elan Hard Coking Coal Project in southern Alberta, Canada. Elan hosts large-scale, shallow, thick, hard coking coal (HCC) deposits with a current resource estimate of 454Mt (142Mt Indicated and 312Mt Inferred). Comprehensive coal quality testing from the 2018 and 2019 exploration programs, combined with review of substantial historical testwork data for the broader Elan Project, has confirmed Tier 1 HCC quality.

Elan is located approximately 13 km from an existing rail line with significant excess capacity, providing direct rail access to export terminals in Vancouver and Prince Rupert. It shares its southern boundary with Riversdale Resources' Grassy Mountain Project, which is in the final permitting stage for a 4.5Mtpa (saleable) open-cut HCC operation. Around 30km to the west, Teck Resources operates four mines (the Elk Valley complex) producing approximately 25Mtpa of premium HCC for the seaborne market.

Atrum completed a Scoping Study in April 2020 which demonstrated the strong technical and economic viability of development of the Elan Project.

- ¹ For full Scoping Study and resource details refer to Atrum ASX release dated 16 April 2020, *Elan Project Scoping Study*. Atrum confirms that all material assumptions underpinning the production target and forecast financial information within the Scoping Study, and the resource estimate outlined above, continue to apply and have not materially changed.