

ASX Announcement

29 June 2020

2020 FIELD PROGRAM OVERVIEW

HIGHLIGHTS

- 147-hole drill program planned at Isolation South consisting of 115 rotary air blast (RAB) holes and 32 large diameter cored (LDC) holes; no additional drilling planned at Elan South in 2020.
- Extensional and infill focus aimed at both expanding the Isolation South resource base and further upgrading resource classification.
- Initial priority drilling of the current Inferred resource areas that reside within the optimised Isolation South pit shell but that were excluded from the Elan Project Scoping Study mine schedule.
- The LDC program aims to further define coal quality attributes and underpin PFS workstreams including mine planning and scheduling, coal processing and infrastructure design, and product quality/marketing.
- Regular drilling progress updates to be provided; interim resource update targeted for 4Q 2020.
- The 2020 field program also includes geotechnical testing, hydrogeology and environmental monitoring, as well as seismic and topographical surveys to underpin the PFS.
- Detail on key PFS workstreams to be released shortly.

Atrum Coal Limited (ASX: ATU) (**Atrum** or the **Company**) is pleased to provide an overview of the planned 2020 field program at its 100%-owned Elan Hard Coking Coal Project (**Elan Project**) in southern Alberta, Canada.

As previously announced, the first rotary air blast (**RAB**) drill hole of the 2020 program commenced at Isolation South on 31 May 2020 (see Atrum ASX release dated 5 June 2020, *Drilling Commenced*). Drilling activities are progressing well with 27 RAB holes now completed (as at 27 June 2020).

The 2020 program is a comprehensive package of field work that includes all necessary components required to underpin the Elan Project Pre-Feasibility Study (**PFS**). Major field activities underway or set to commence in the short term include a 147-hole drilling program, further detailed coal quality and washability testing, geotechnical testing, hydrogeology and environmental monitoring, and seismic and topographical surveys.

Atrum Chief Executive Officer, Andrew Caruso, commented: *"The 2020 exploration program is designed to drive the Elan Project towards key PFS and development objectives. We are seeking to concurrently grow and upgrade the classification of our large, shallow, Tier 1 HCC resource at Isolation South. At the same time, we will be progressing extensive coal quality testwork to enable formulation of detailed product specifications. All of this work is set to feed into targeted finalisation of the Elan Project PFS around mid-2021 and commencement of the formal permitting process for this world-class HCC asset."*

RAB drilling

The planned program of RAB drilling at Isolation South consists of 115 holes for a total of approximately 20,000 metres of drilling. The RAB program has both an infill and extensional focus, targeted to further improve confidence in the structural definition of the Isolation South deposit, expand the total resource base and support substantial resource classification upgrades.

The RAB drilling initially prioritises the areas within the Elan Project Scoping Study pit shell currently classified as Inferred resources; these are primarily located in the northern and central domains of Isolation South. Progressively, the RAB program extends to infill some of the previously explored domains and firm-up subcrop locations. The location of the planned RAB drill holes is provided in Figure 1.

The RAB drilling program commenced in late May with two purpose-built drilling rigs operating on site. The early progress has been rapid with 27 holes completed as at 27 June 2020. Results for these are to be provided in a subsequent announcement once the geological data has been processed. The total 115 RAB hole program at Isolation South is expected to conclude in late 3Q 2020.

Given the scale and economic potential unearthed at Isolation South during the 2019 field program, and the outcomes of the Elan Project Scoping Study (Isolation South ROM strip ratio of 3.3), all 2020 drilling activities are being dedicated to the rapid realisation of this potential. As a result, no drilling is planned for Elan South during this year's program.

Core drilling and coal quality testing

The planned coring program consists of 32 large diameter cores (**LDC**) holes for approximately 6,000 metres of drilling. One coring rig has commenced drilling and an additional coring rig will commence this week. The LDC holes are to be drilled for the collection and sampling of 150mm diameter drill core for coal quality and washability testing.

The LDC hole locations and spacing at Isolation South are designed to improve and demonstrate confidence in coal quality characteristics over the Elan Project Scoping Study pit shell area. This includes targeting upgrading of substantial Inferred resource areas to Indicated or Measured resource classification. The LDC program also aims to demonstrate continuity of coal quality characteristics and feed into CHPP design, determination of practical processing yield, product specification and optimisation for the PFS.

Stage 1 of the LDC program consists of 22 cored holes, mostly located within the currently Inferred resource areas in the central and northern domains. It is expected to be completed during 3Q 2020, with the timing planned to allow for the associated coal quality testwork results to be available for, and incorporated into, an interim Elan Project resource update targeted for 4Q 2020.

Stage 2 of the LDC program consists of 10 holes, focussed predominantly on the southern areas of the Isolation South pit shell area. It is expected to be undertaken during 4Q 2020 and into the New Year as part of the ongoing PFS exploration activities. The location of the planned LDC holes for both Stages 1 and 2 is provided in Figure 2.

The planned laboratory testing program includes comprehensive test work on raw coal, sizing and washability testing on various size fractions, and detailed clean coal analysis on composite samples. Following this detailed analysis of clean coal composites (at CoalTech in the USA), carbonisation testwork (including coke strength) is to be carried out at INCAR in Spain and DMT in Germany.

Residual Isolation South coal quality results from the final 2019 program drilling (conducted in early 2020), including coke quality and carbonisation testwork outcomes, are expected this week.

Baseline environmental work

Environmental baseline studies have advanced in recent weeks at both Isolation South and Elan South. Hydrogeological drilling at Isolation South commenced this week with geotechnical and geochemical discipline integration planned to occur at strategically selected drill holes. The information collected as part of this program will be used to develop the water balance and water quality prediction model to inform mine planning, water management and other substantive elements of the PFS.

The aquatic and terrestrial programs achieved a significant milestone in mid-June with completion of all targeted spring surveys within a broader project footprint and transportation corridor. As the program evolves into the summer field season, the primary focus will transition towards fish and fish habitat, terrestrial ecosystem mapping, and sensitive species surveys to support identification of project valued components. Following completion of the environmental baseline program, data will be collated, evaluated, and summarized as the first step of preparing an Initial Project Description to commence the Impact Assessment process.

Additional program components

Other 2020 field program components at various stages of planning and execution include:

- A geotechnical drilling program consisting of seven fully cored HQ holes sampled for detailed geotechnical logging, sampling and testwork.
- A hydrogeological drilling program consisting of nine fully cored HQ holes for aquifer identification, groundwater monitoring and modelling.
- A shallow 2D seismic survey planned to assist in the interpretation of structural features including thrust faults which can result in structurally thickened coal zones. The program consists of approximately 15 line-kilometres of 2D survey.
- A topographical LiDAR survey will be flown to provide additional confidence in the ground elevations required for detailed mine planning.

Project advancement

As previously announced, the first phase of the 2020 exploration program is focused on drilling (RAB and LDC) in the central to northern parts of the Isolation South resource, within currently permitted areas. At Isolation South, 108Mt of Inferred resource within the optimised pit shell was excluded from the mine schedule and production target in the Elan Project Scoping Study (which totaled 126Mt), in accordance with the current ASX/ASIC regulatory framework (see Atrum ASX release dated 16 April 2020, *Elan Project Scoping Study*, and Figures 3 and 4)¹.

Targeted upgrade of these Inferred Resource portions of Isolation South into Indicated and/or Measured Resource categories delivers the strong potential for inclusion in the mine schedule for the PFS and subsequent conversion to Reserves. Successful inclusion presents substantial upside potential to the life-of-mine production target and forecast base case economics presented in the Elan Project Scoping Study results.

Regular drilling progress and results updates are planned to be provided through the 2020 field program. An interim update to the overall Isolation South resource is targeted for 4Q 2020.

The Elan Project PFS remains targeted for completion around mid-2021. Further details on key PFS workstreams are to be released in coming weeks.

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

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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.

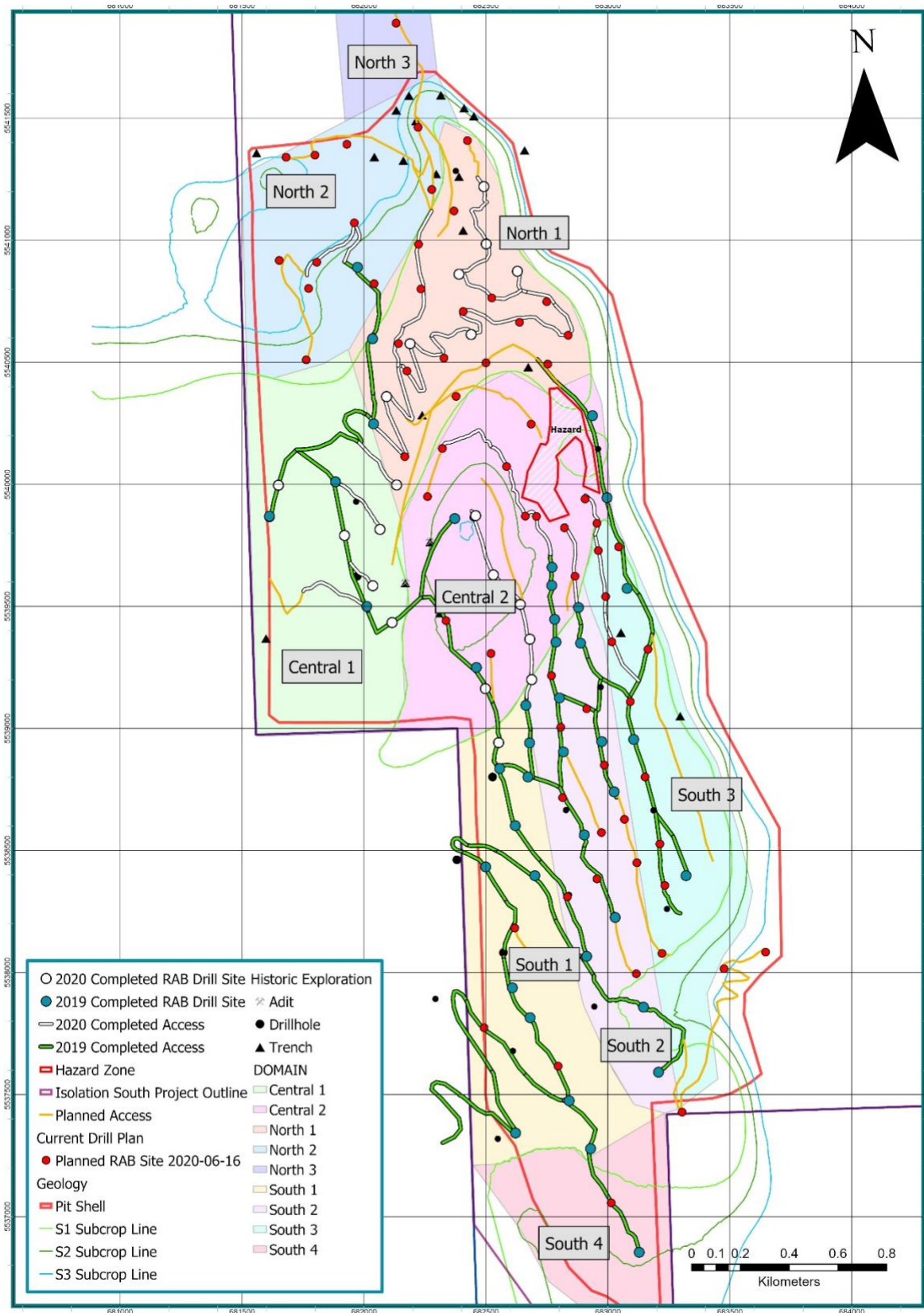


Figure 1: Planned 2020 program RAB hole locations

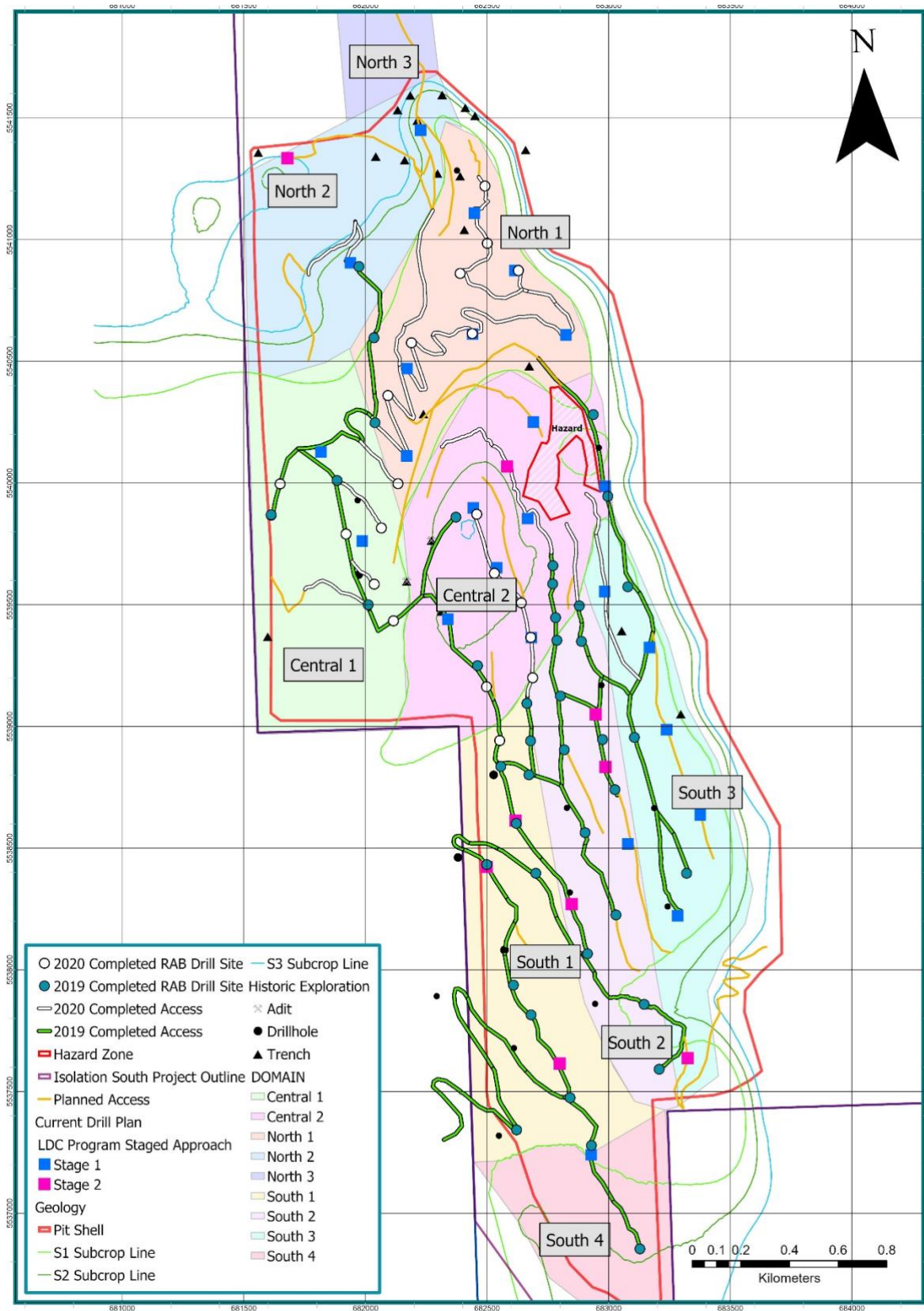


Figure 2: Planned 2020 program LDC hole locations

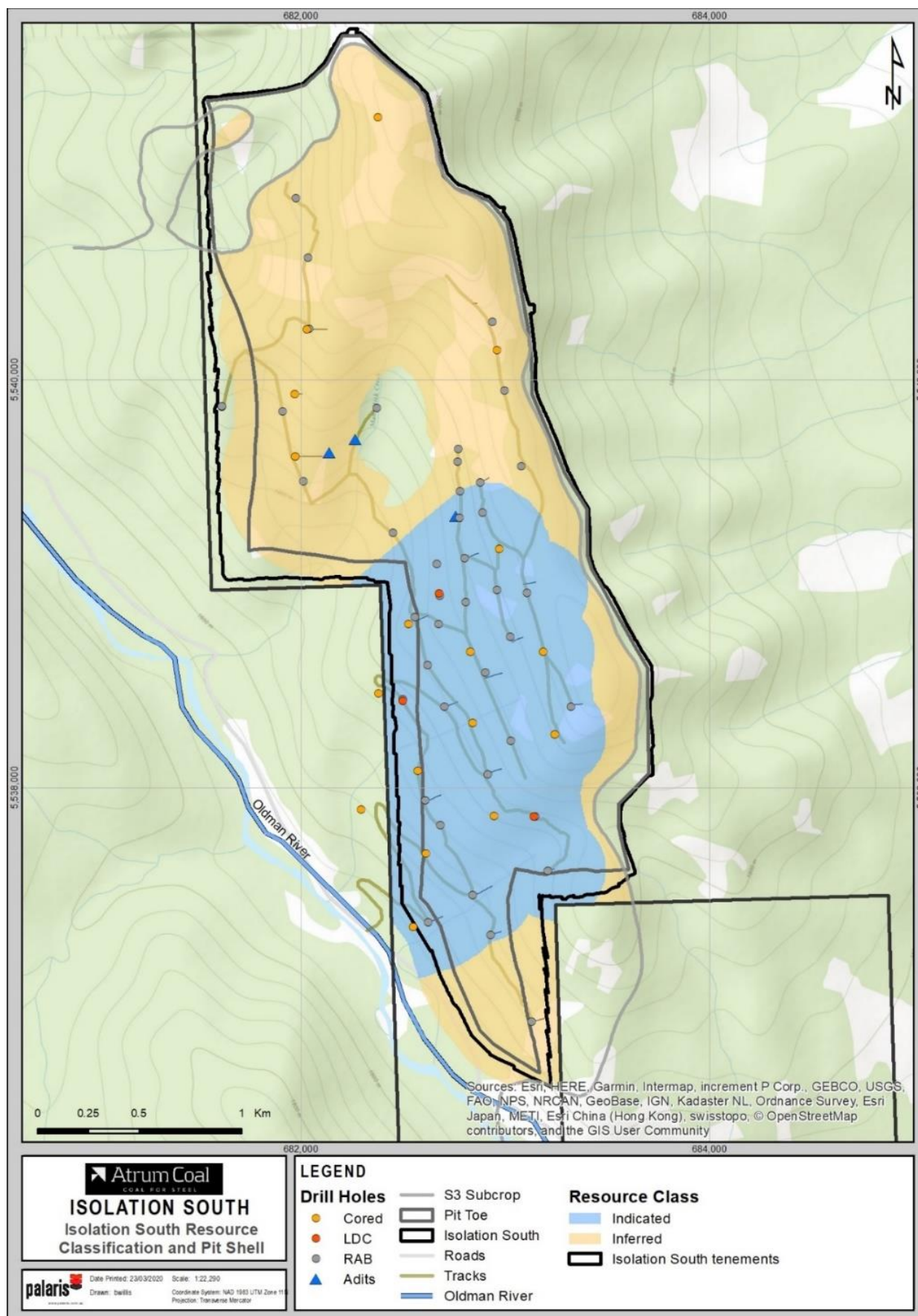


Figure 3: Isolation South resource classification

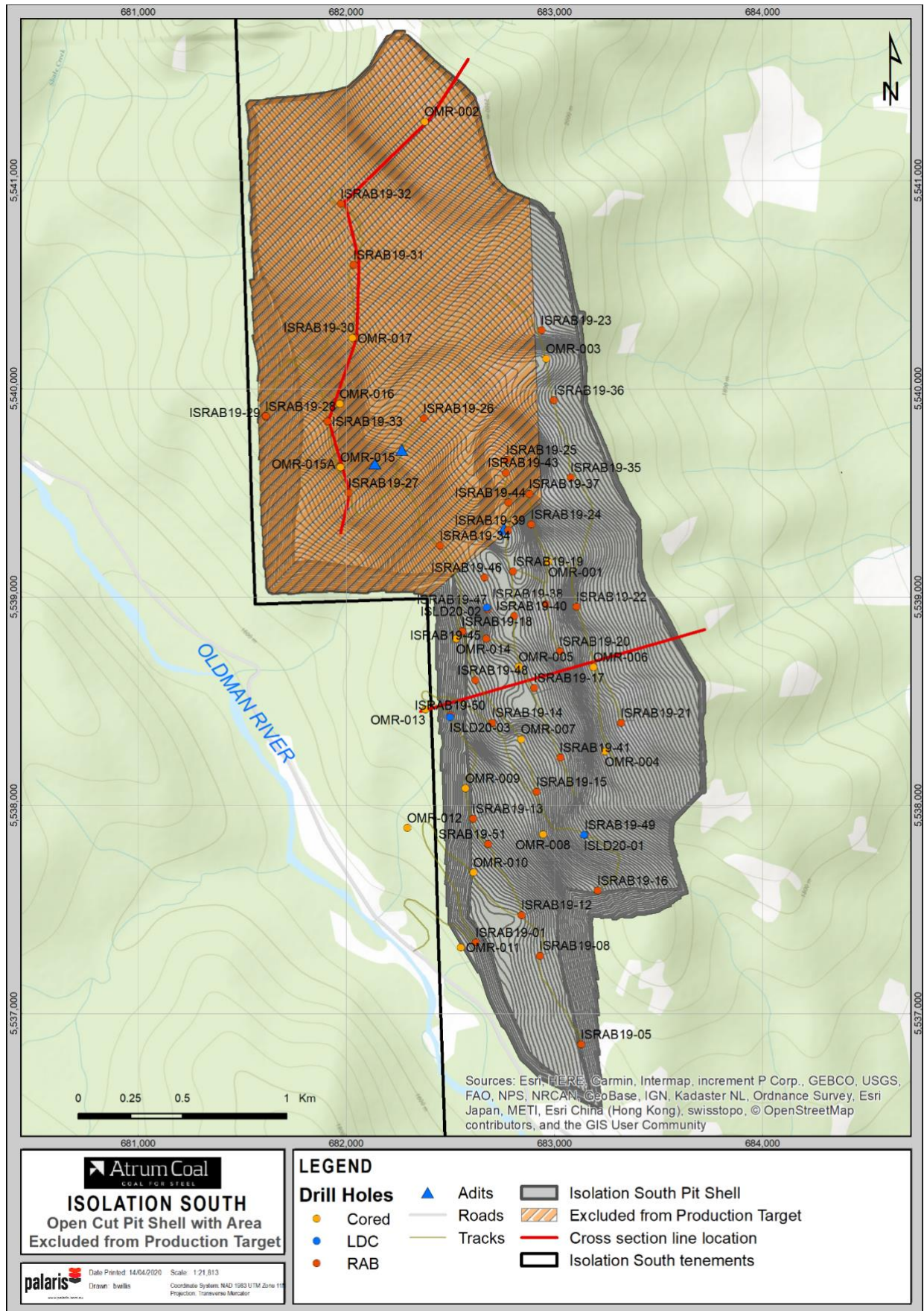


Figure 4: IS practical pit shell and zone excluded from Scoping Study mine schedule