



# AGM Presentation

29 June 2020

# Important notices

## Forward Looking Statements

This presentation includes various forward looking statements which are identified by the use of forward looking words such as "may", "could", "will", "expect", "believes", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Statements other than statements of historical fact may be forward looking statements. Atrum believe that it has reasonable grounds for making all statements relating to future matters attributed to it in this presentation.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of resources or reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation. Investors should note that any reference to past performance is not intended to be, nor should it be, relied upon as a guide to any future performance.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement. None of Atrum, its officers or any of its advisors make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements expressed or implied in any forward looking statement except to the extent required by law.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## Competent Person Statement

### Exploration Results and Coal Resources

The results of the Scoping Study and Coal Resources that underpin the production target are based on, and fairly represent, information and supporting documentation compiled by Mr Brad Willis, who is a Member of the Australasian Institute of Mining and Metallurgy (205328).

Brad Willis is Principal Geologist at Palaris Australia Pty Ltd (Palaris). He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Willis has 20 years' experience in exploration and mining of coal deposits. Mr Willis consents to the inclusion of the Scoping Study results disclosed by the Company in the form in which it appears.

Neither Mr Willis nor Palaris have a direct or indirect financial interest in, or association with Atrum Coal, the properties and tenements reviewed in this statement, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. In preparing this Annual Coal Resource and Reserve Statement, Palaris has been paid a fee for time expended on this report. The present and past arrangements for services rendered to Atrum Coal do not in any way compromise the independence of Palaris with respect to this estimate.

The Company confirms that it is not aware of any new information or data that materially affects the Previous Announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the Prior Announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Prior Announcements

Mr. Willis consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

# Atrum corporate snapshot

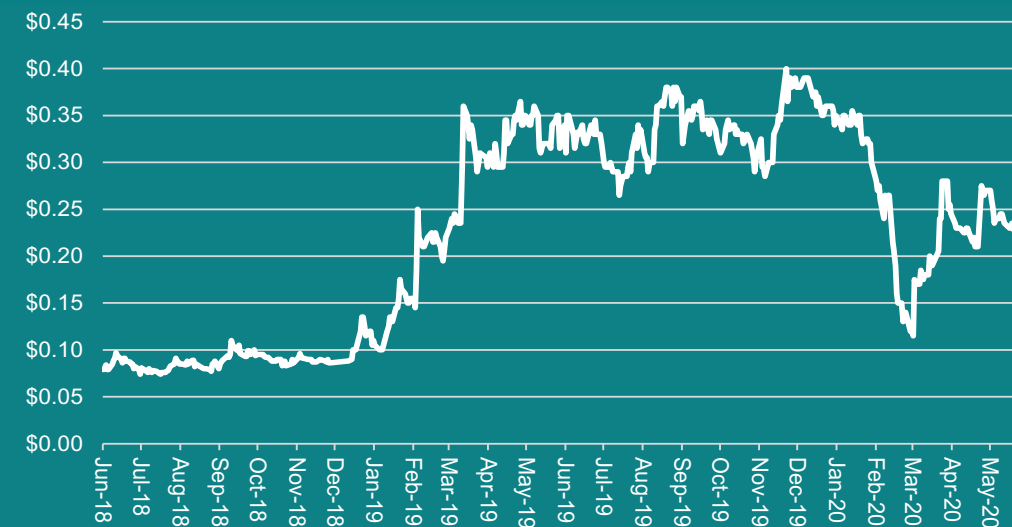
## Capital structure

ASX ticker	ATU
Share price (23 June 2020)	A\$0.24
Shares on issue	544.9 M
Options and performance rights	143.7 M
Market capitalisation (undiluted)	A\$131 M
Cash (23 June 2020)	A\$17.6 M*
Debt (23 June 2020)	Zero

## Major shareholders

Tim Roberts (Warburton Group)	19.3%
Nero Resource Fund	4.7%

## Share price (A\$ per share, 2 year basis)



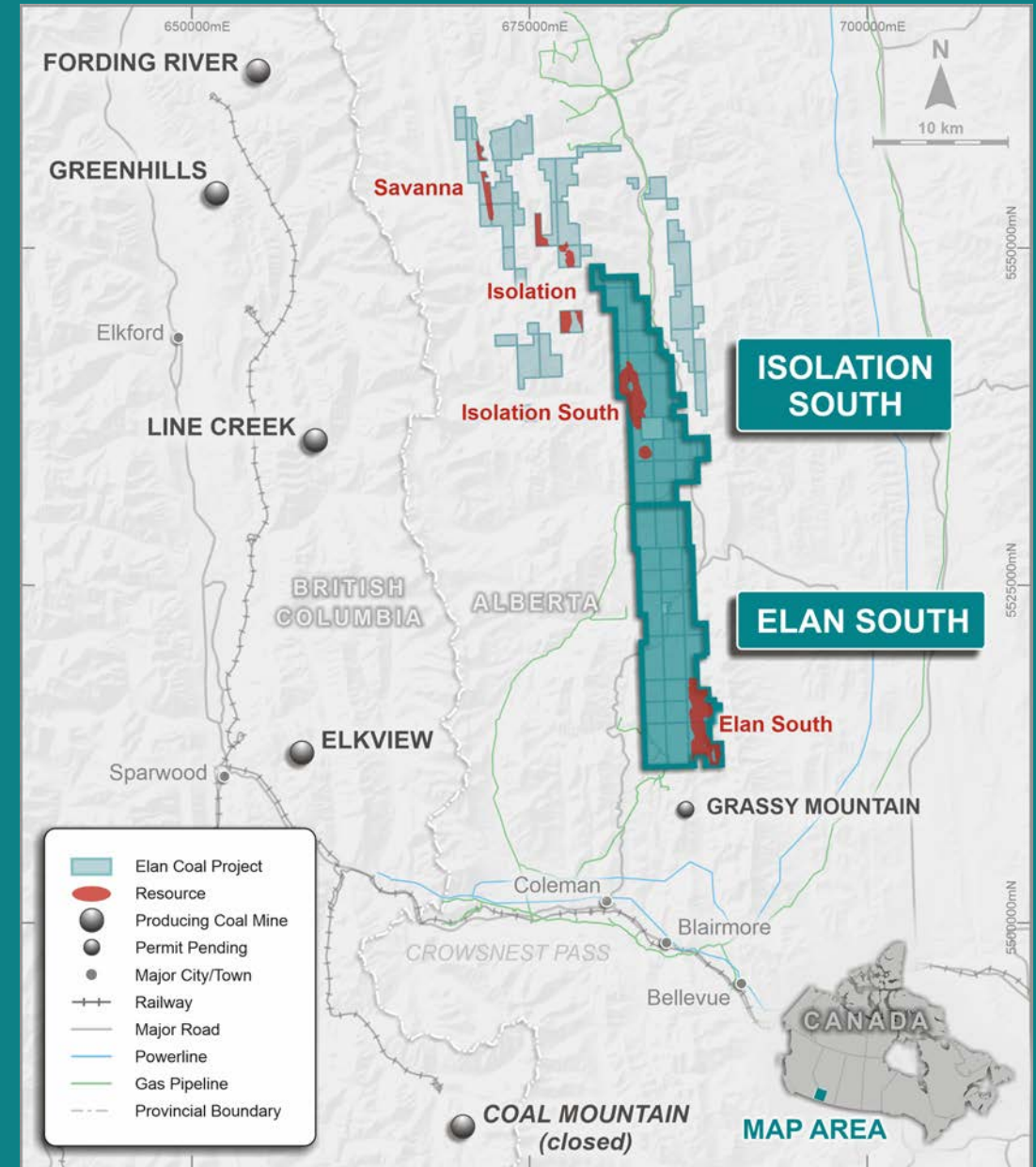
## Board and CEO

Non-Executive Chairman	Charles (Chuck) Blixt
Non-Executive Director	Richard Barker
Non-Executive Director	George Edwards
Non-Executive Director	Charles Fear
Non-Executive Director	William (Bill) Fleming
Chief Executive Officer	Andrew Caruso

# Elan presents a rare opportunity

## Clear scarcity value

- Large-scale tenement holdings (230 km<sup>2</sup>) in a major HCC basin
- Tier 1 hard coking coal quality
- 454 Mt total resources<sup>1</sup> and growing
- Shallow, thick seams; open pit focus
- Located in a proven low cost mining region
- Proximate rail access to key West Coast ports with surplus capacity
- **Clear potential for multiple, large Tier 1 HCC developments**
- Scoping Study now completed (April 2020)





01

# KEY SCOPING OUTCOMES

# Physical outcomes

## Strong operational base

**15 – 19 years**  
Initial mine life

**7.5 – 10 Mtpa**  
Nameplate ROM capacity

**4.3 : 1**  
ROM strip ratio (bcm:t)

**60%**  
Processing yield

**4.5 – 6.0 Mtpa**  
Nameplate HCC capacity

**76 Mt**  
Total HCC product

For full 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 continue to apply and have not materially changed.

Key Physical Parameters	Unit	10Mtpa ROM	7.5Mtpa ROM
<b>Operational capacity</b>			
Nameplate mining and processing rate	Mtpa ROM	10.0	7.5
Initial mine life	years	15	19
<b>Mining - Isolation South</b>			
Total ROM coal mined	Mt	79.5	79.5
Mining rate (steady state)	Mtpa ROM	6.0	4.5
Total waste mined	Mbcm	262	262
Strip ratio (ROM)	bcm/t	3.3	3.3
<b>Mining - Elan South</b>			
Total ROM coal mined	Mt	46.7	46.7
Mining rate (steady state)	Mtpa ROM	4.0	3.0
Total waste mined	Mbcm	279	279
Strip ratio (ROM)	bcm/t	6.0	6.0
<b>Mining - total</b>			
Total ROM coal mined	Mt	126.2	126.2
Total waste mined	Mbcm	541.4	541.4
Strip ratio (ROM)	bcm/t	4.3	4.3
<b>Product output</b>			
Processing yield	%	60	60
HCC production	Mtpa saleable	6.0	4.5
Total product coal	Mt	76	76

- Elan Project **product** LOM strip ratio is 7.2 bcm / tonne HCC
- Compares with Teck's Elk Valley at 11.4 (2019 average)<sup>1</sup> and Riversdale's Grassy Mountain at 9.2 (LOM forecast)<sup>2</sup>
- Isolation South product strip ratio particularly low at 5.5

<sup>1</sup> Teck Resources Q4 2019 Financial Report (pg46), 20 February 2020.

<sup>2</sup> Riversdale Resources Targets Statement, Grassy Mountain Technical Report by RPM Global (pg8), 28 March, 2019.

# Financial outcomes

## Excellent projected economic returns

**US\$138/t**

Realised HCC price  
(FOB Vancouver)

**US\$790 – 860M**

Post-tax NPV<sub>9%</sub>

**US\$81 – 84/t**

Cash opex (FOB Vanc.)

**3.9 – 4.4 yrs**

Payback (post-tax)

**US\$587 – 683M**

Pre-production capex

**25 – 26%**

Post-tax IRR

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

Key financial outcomes	Unit	10Mtpa ROM	7.5Mtpa ROM
<b>Price inputs (LOM average)</b>			
C\$/US\$ (long term forecast)	USc	0.79	0.79
HCC price (Platts Premium LV FOB Queensland)	US\$/t	141	141
HCC price (Elan MV HCC FOB Vancouver)	US\$/t	138	138
<b>NPV, returns and key metrics</b>			
NPV <sub>9%</sub> (post-tax, real basis, ungeared, Y-1 basis)	US\$M	860	790
NPV <sub>9%</sub> (pre-tax, real basis, ungeared, Y-1 basis)	US\$M	1,180	1,070
IRR (post-tax, real basis, ungeared, Y-1 basis)	%	25	26
IRR (pre-tax, real basis, ungeared, Y-1 basis)	%	29	30
Payback period (post-tax, from first production)	years	4.4	3.9
Payback period (pre-tax, from first production)	years	4.0	3.6
Capital efficiency (post-tax NPV / PP capex)	x	1.3	1.3
Pre-production capital expenditure	US\$M	683	587
LOM sustaining capital expenditure	US\$ / ROM t	1.7	1.7
Project net cashflow (post-tax)	US\$M	2,610	2,580
Project net cashflow (pre-tax)	US\$M	3,400	3,340
<b>Unit cash operating costs</b>			
Mining	US\$/t ROM	23	24
Processing	US\$/t ROM	4	4
Free on Rail (FOR) cash cost	US\$/t ROM	27	28
	US\$/t saleable	44	46
Rail transport and port	US\$/t saleable	29	29
Marketing, commissions and corporate	US\$/t saleable	2	2
Royalties	US\$/t saleable	6	6
Total cash operating cost - Free on Board (FOB)	US\$/t saleable	81	84

- Attractive **upfront capital intensity** of US\$114 – 130 per tonne of annual HCC capacity
- Cash operating cost estimates place Elan in the lower second quartile of the global export coking coal cash cost curve





# Key upside scenarios

## Latent additional value realisation

- 2 Further exploration and resource growth:** significant undrilled and under-drilled areas of the Elan tenement base
- 3 BOOT financing:** potential reduction in pre-production capex to US\$140 – 150M and IRR boost to 52 – 54%
- 4 Higher processing yield:** regional experience suggests +60% yield; every +1% yield equates to + ~US\$40M NPV
- 5 HCC price & C\$/US\$ inputs:** conservative; +10% HCC price = + ~US\$300M NPV; -10% C\$/US\$ = + ~US\$200M NPV



02

2020 DRILLING PROGRAM

# Isolation South

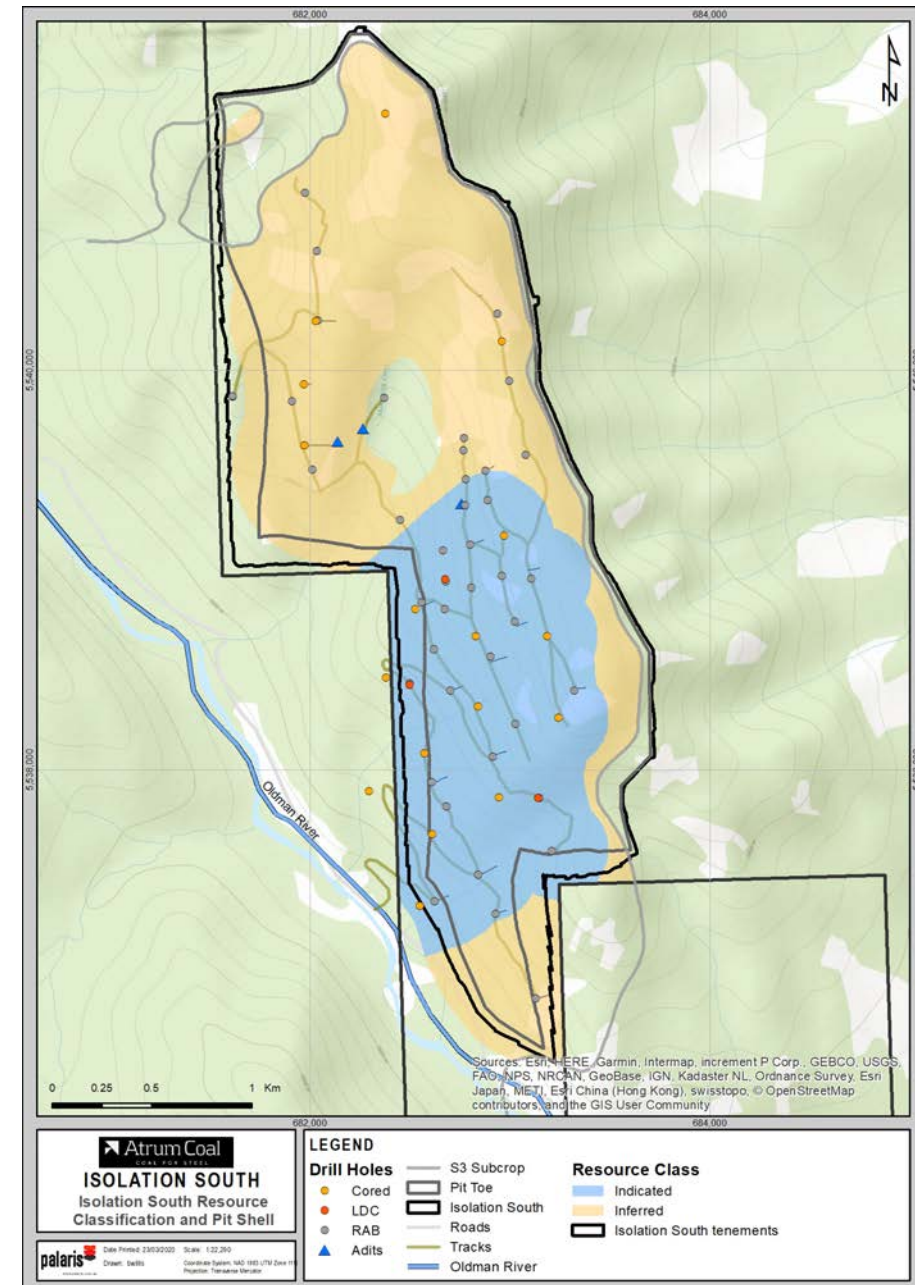
## Drone footage

- <https://youtu.be/UtMY2utj-Kw>

# Driving Isolation South

## Targeting substantial resource classification upgrades

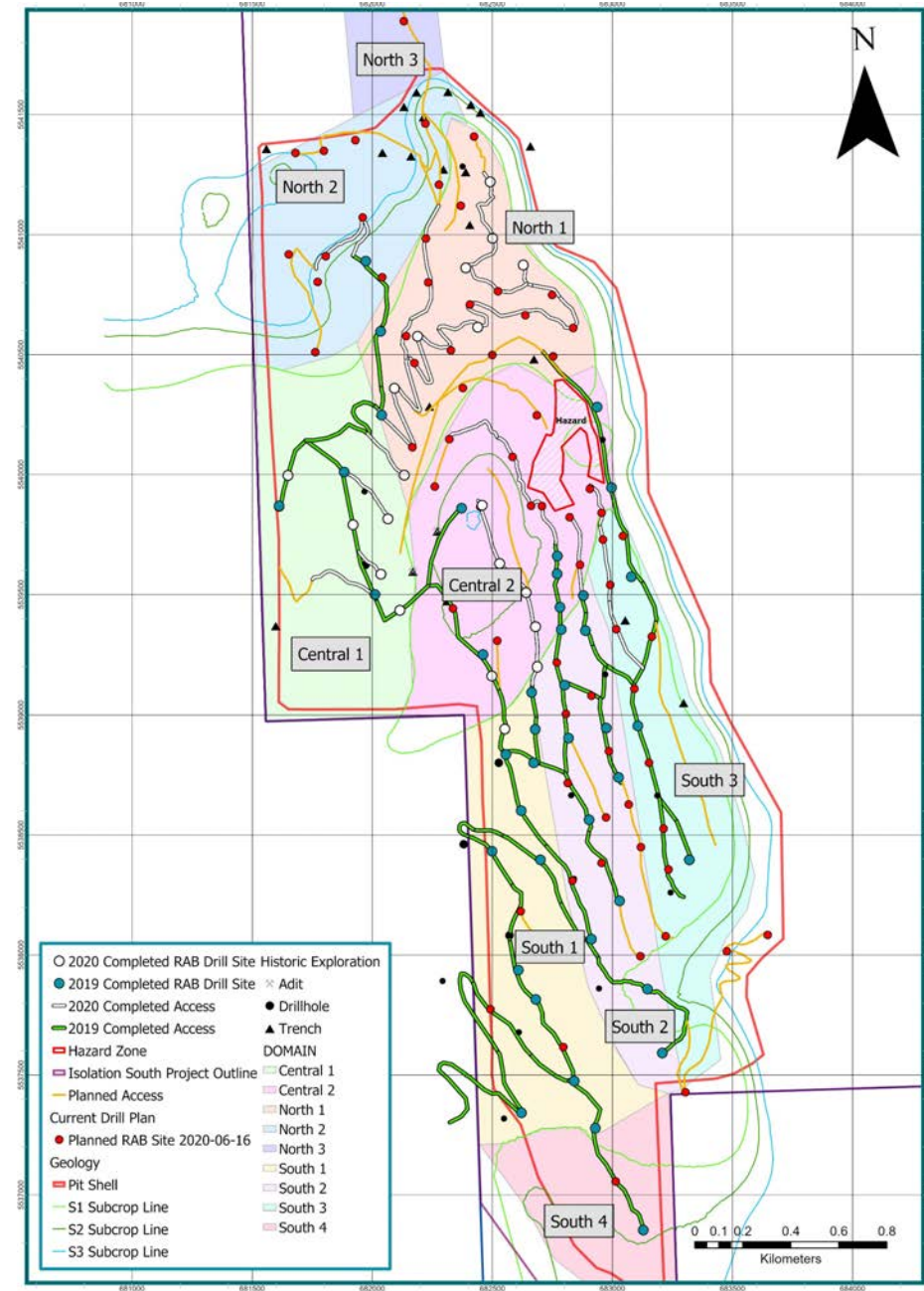
- Major phase of 2020 drilling focussed on upgrading classification of the northern part of Isolation South
- Involves significant RAB infill drilling and coring for coal quality testwork purposes
- Initial drilling plans
  - 115 – 120 RAB holes
  - 35 large diameter coring (LDC) holes
  - 8 diamond PQ holes
- Concurrent potential to materially increase total Isolation South resources
  - Seam 3 structural thickening



# Key deliverables

## Regular drilling progress updates to be provided

- Key program targets
  - 1 Push towards 200Mt total Indicated resources at Isolation South (from current 82Mt)
  - 2 Increase total resources at Isolation South (from current 230Mt)
  - 3 Increase practical in-pit resources at Isolation South (from current 188Mt)
  - 4 Further evidence Tier 1 HCC parameters at Isolation South and deliver sufficient testwork for HCC product(s) specification
- Results from first wave of further Isolation South coal quality testwork expected in 4Q 2020
- Interim resource update targeted for 4Q 2020





03

PFS STRATEGY

# Advancing the PFS

## PFS to deliver optimum and timely outcomes for the Elan project

- Currently defining final PFS strategy and plan – key elements under consideration
  - 1 Finalising PFS targets
  - 2 Addressing risks and opportunities
  - 3 Defining trade-off studies to finalise PFS options and asset configurations
  - 4 Ensuring synchronisation of field activities with engineering studies for final PFS delivery
- Targeting PFS completion around mid-2021 to facilitate commencement of permitting process and commencement of the DFS
- Details on PFS scope and schedule to be provided in July 2020

# Key permitting development

## Category 2 land classification no longer applicable

- 1976 Alberta Coal Policy repealed effective from 1 June 2020
- Removes the use of the coal categories land use classification system
- This land use classification system directed how and where coal leasing, exploration and development could occur
- Means that prior Category 2 land classification for Elan is no longer relevant or applicable
- Under the previous system, any open pit permitting approval for Elan would have required an exemption to be granted – no longer the case
- Zero loss of integrity with respect to proper environmental process; Elan Project permitting will still be subject to stringent:
  - Federal environmental approvals process; and
  - Alberta Energy Regulator oversight
- A significant step forward for targeted development of Elan



## Updated coal rules keep protection, strengthen certainty

Modernizing almost 45-year-old rules for coal development will provide additional flexibility and certainty for industry, while maintaining stringent protection for sensitive lands.

“As we strengthen our focus on economic recovery and revitalization, we will continue to make common-sense decisions to create certainty and flexibility for industry, while ensuring sensitive lands are protected for Albertans to continue to enjoy. Rescinding the outdated coal policy in favour of modern oversight will help attract new investment for an important industry and protect jobs for Albertans.”

*Sonya Savage, Minister of Energy*

“Our government is continuing to protect our natural resources, including critical watersheds and biodiversity along the eastern slopes of Alberta’s Rocky Mountains. Through this approach we are striking the balance of ensuring strong environmental protection with providing industry with incentive to increase investment.”

*Jason Nixon, Minister of Environment and Parks*

Source: [www.alberta.ca](http://www.alberta.ca)



# Atrum and the Elan Project: A rare opportunity

- 1 Large-scale deposition with multi-mine development potential; Elk Valley comparative
- 2 Shallow and thick seams deliver very low strip ratio and credible & attractive operating costs
- 3 Tier 1 hard coking coal quality established via detailed testwork
- 4 Located proximate to direct rail access to key export terminals (with surplus capacity)
- 5 Well established mining region with excellent infrastructure and skilled labour
- 6 Alberta Government engaged and supportive
- 7 Grassy Mountain defined permitting pathway and learnings
- 8 Experienced Board and management team



**A GLOBALLY SCARCE ASSET**



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**Contact details**

# Appendix slide

## Elan Project total Resource estimate

Area	Project	Indicated (Mt)	Inferred (Mt)	Total (Mt)	Date of Announcement
Elan Northern Tenements	Isolation South	82	148	230	10-Feb-20
	Isolation	-	51	51	22-Jan-19
	Savanna	-	30	30	22-Jan-19
Elan South	South East Corner	16	22	38	10-Feb-20
	Fish Hook	15	11	26	10-Feb-20
	Oil Pad	29	50	80	10-Feb-20
<b>TOTAL</b>		<b>142</b>	<b>312</b>	<b>454</b>	

Atrium confirms that it is not aware of any new information or data that materially affects the information included in its ASX releases dated 10 February 2020 (*Total Elan Project Resources Exceed 450 Mt*) and 22 January 2019 (*Additional 201 Mt JORC Resources Defined for Elan Project*). All material assumptions and technical parameters underpinning the estimates in these releases continue to apply and have not materially changed.