

ASX Announcement

29 June 2020

AGM - Chairman's Address

Perhaps stating the obvious, it has been a tumultuous past six months all around the world. We would like to be holding our AGM physically, but travel restrictions and gathering size uncertainties meant that the virtual route was the optimal choice this year. It is clearly a different experience, but we hope it still enables strong participation and engagement.

The activity since our last AGM has been substantial. The 2019 field program at Elan was extensive. A total of 168 RAB drill holes delivered approximately 28,000 metres of exploration drilling across our two key project areas of Isolation South and Elan South. This was complemented by the 12 large diameter core holes and 7 PQ core holes drilled in these areas for coal quality testing.

The headline result was that global resources at the Elan Project increased by over 50% to now stand at 454 million tonnes. However, the outcomes are even more positive than simply the strong headline. Of the global total, approximately 142 million tonnes are now in the higher-confidence Indicated resource classification. Importantly, much of the resource increase was delivered from shallow, thick coal seams offering attractive project economics via low strip ratio mining. Coal quality testwork results from the 2019 quality analysis program also confirmed the outcomes from 2018 testing and historical testwork – again evidencing premium, Tier 1 hard coking coal quality.

The 2019 field program culminated in the release of the Elan Project Scoping Study in April. The Scoping Study demonstrated the strong technical and economic viability of developing a 4.5 to 6.0 million tonne per annum Tier 1 hard coking coal operation from mining and processing of the Isolation South and Elan South deposits. The forecast cash operating cost of US\$81 to 84 per tonne FOB Vancouver places Elan attractively in the lower second cost quartile of all global metallurgical export coal production.

There is significant upside potential to the Scoping Study outcomes. This includes the extension of the Isolation South pit to incorporate approximately 108 Mt of Inferred Resources that were excluded from the Scoping Study mine schedule due to ASX regulatory requirements. Other upside opportunities include financing of the coal preparation plant and product transport infrastructure via BOOT arrangement, the higher processing yield suggested by regional experience, and the substantial further resource potential that exists across the entire Elan Project tenement base.

In short, the Scoping Study confirmed the outstanding opportunity that exists for Atrum to develop the Elan Project into a multi-mine, large-volume, Tier 1 quality hard coking coal production asset. As a result of the excellent Scoping Study outcomes, the Atrum Board has approved progression to a Pre-Feasibility Study on the Elan Project. The PFS is currently scheduled for completion in mid-2021.

Drilling for the 2020 field season at Elan commenced at the end of May. This morning we announced an overview of our 2020 drilling plans, which are focussed on the growth and classification upgrading of the large Isolation South resource. This planned 150-hole program is already progressing well, with over 20 rotary air blast holes drilled to date.

Atrum also successfully raised approximately A\$22M of new equity funds in April. This was completed through a share placement to predominantly Australian institutions and sophisticated investors. I believe the strong demand shown for the issue was indicative of the market's belief in the Elan Project, and Atrum's strategy for the rapid progression and development of this world-class asset. Each of your directors is also seeking to participate in this placement, subject to your approval at today's meeting.

Finally, in May this year Atrum appointed its new Chief Executive Officer, Mr Andrew Caruso. Andy is a mining engineer who brings almost 30 years of global mining experience across a range of operational, management and key executive roles. He has worked in senior positions at both BHP and Alcoa and possesses substantial experience with bulk commodity project evaluation, development and operations. This includes over six years in technical and management roles at substantial coal operations in Western Australia, for Griffin Coal, and in Queensland, for BHP. I'm pleased to tell all shareholders that Andy has truly hit the ground running and has already had a significant positive impact on the company and our business. Welcome Andy, and we look forward to working with you across many successful years ahead. I would like to take this opportunity to thank the entire Atrum site and office team, including our contract operational partners, for their efforts over the past year. Our people have worked long and hard to deliver these excellent outcomes – and in a consistently safe and sustainable manner. The results are a credit to their significant talents and efforts.

I would also like to thank my fellow non-executive directors, George Edwards, Charles Fear and Richard Barker, for their intensive efforts over the past year. It is difficult to convey just how much time, commitment and hard work my fellow directors have invested in Atrum over what has proven to be an extremely busy year – for many reasons. Serious mining development companies require appropriately qualified, hard-working and diligent directors – and that is what Atrum has.

In February 2020, Atrum welcomed Bill Fleming to the Board as a non-executive director. His extensive Canadian coking coal operational and management experience, including over 25 years at Teck Resources, has already proven highly valuable to the Board, to Atrum personnel and to the Elan Project. I would like to thank Bill for his significant contributions to date and I look forward to his further valuable insights going forward.

Prior to turning to the formal business of the meeting, I'd like to briefly address the amendments made last week to some of the resolutions before this meeting. After consultation with a number of our shareholders, the Atrum Board determined that amendment of select resolutions was warranted, and in the best interests of the company. In particular, we understand there was potential concern that the granting of performance rights to non-executive directors could be an active disincentive to ongoing board renewal. While we don't believe that to be the case, we felt it was important to actively address that potential concern – and accordingly, we have.

As Chair, I am committed to ensuring that Atrum shareholders have the benefit of the strongest possible Board. As we have done to this point, we will continuously review Board composition and the director skills matrix required to deliver long term success. As part of this ongoing process, we will seek to add or replace board members as appropriate, and on a suitably regular basis.

Finally, I'd like to thank all Atrum shareholders for your continuing support. We welcome your input and consultation, and we appreciate your belief in our projects and people. We are committed to delivering sustainable growth in shareholder value for you all over the months and years ahead.
Thank you.

Justyn Stedwell
Company Secretary
On behalf of the Board of Directors
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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. 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.