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Atrum Coal
COAL FOR STEEL

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ASX Announcement
27 July 2021

Chairman's Address

Good morning, good afternoon and good evening to all participants from around the globe.

In what is my inaugural address to the shareholders of Atrum it is unfortunate, though unsurprising, that we are holding the meeting virtually due to restrictions relating to the ongoing COVID-19 pandemic. I would very much liked to have joined many of you in person. Technology has enabled us to convene virtually however and so that will have to suffice for the moment.

As we are all well aware, the pandemic has presented, and continues to present, significant challenges to nations, businesses and people. Encouragingly, these challenges are increasingly being met through science, ingenuity and perseverance. Against this backdrop, Atrum and its people have continued to work tirelessly to progress key workstreams safely and efficiently – for this I express my gratitude and thanks.

I would like to take this opportunity to welcome Jeff Gerard and Anita Perry who have both joined the Atrum Board this year. Jeff and Anita bring with them a wealth of experience and leadership which will serve our Company well on the path forward. I would also like to offer my deep gratitude to retired directors, Chuck Blixt and George Edwards, and the retiring Charles Fear, for their commitment and services to Atrum over the past four years.

Atrum now has 4 Canadian-based Directors which enables us to best navigate through the challenges currently presented.

The Canadian based directors Andy, Bill, Anita and I are addressing you appropriately and safely together in Calgary, Alberta, whilst the Australian based directors, Richard, Charles and Jeff are at home as are many of you under varying COVID restrictions.

In February this year, the Alberta Government announced the reinstatement of the Alberta 1976 Coal Policy, which had been rescinded in mid-2020. It also announced the commencement of a stakeholder consultation process with the stated objective of developing a new, modern coal policy. Key aims of the new policy include providing greater certainty and facilitating potential development of metallurgical coal resources for steel-making in a responsible and sustainable manner.

We believe that this stakeholder consultation process forms an important and necessary step towards balancing and resolving the views of all Albertans with respect to responsible resource development. Stakeholders rightly expect that project proponents can demonstrate their comprehensive plans to protect the surrounding environment, generate meaningful socio-economic benefits for First Nations, local communities and Government, alongside delivery of returns for investors. Atrum is confident that it can do exactly this.

We are working intensively with all stakeholders, including the Independent Coal Policy Committee, to drive the development of a balanced and fair coal policy that reflects modern and responsible mining practices. In this regard, I would like to quote the particularly apt words of Mr Dale Swampy, President of the National Coalition of Chiefs. In an open letter to the Committee, Mr Swampy wrote, and I quote, "…the choice here isn't between whether or not coal mining should be allowed in certain areas of the province. It is about ensuring that environmentally responsible resource projects have the framework and certainty to proceed…".

As part of the consultation process, and as we announced during June, Atrum has submitted and presented an initial submission to the Committee. Atrum's submission acknowledges its overriding responsibility to protect the environment in which it operates and welcomes the opportunity to provide economic opportunities for all Albertans whilst doing that.

Science, technology, and the legislative and regulatory framework have greatly surpassed the intent, purpose and value of the coal categories created in the original Coal Policy about 45 years ago. In recognition of this dynamic, our initial submission to the Committee outlined the view that a new coal policy should be targeted to deliver three key aims:

1. Rigorous protection of water and landscapes, reference to the modern regulatory framework and acknowledgment of industry advancements that support responsible development of resources.
2. Establishment of confidence among Albertans that a robust regulatory construct is in place to ensure environmentally responsible development.
3. A simplified land category system that can potentially see more, rather than less lands, protected and fits more effectively into the current land use planning processes.

Developing a new coal policy that addresses key concerns and corrects common misconceptions can concurrently achieve these objectives. It appears to us that there are many misconceptions about the importance and usefulness of metallurgical coal, which is a critical ingredient in making steel, something that all societies need to function, grow and prosper, as well as a vital component of our global transition to a greener economy.

We expect to make our final written submission to the Committee during the current quarter. Final recommendations from the Committee to the Alberta Minister of Energy are due by 15 November 2021. We look forward to keeping you updated with respect to Atrum's broader participation in the consultation process over the coming months.

The ongoing roll-out of Atrum's extensive engagement and education program initiative, Responsible Mining, also continues. This is focused on increasing generally community understanding with respect to modern mining practices and the global need for ethical sourcing of high-quality metallurgical coal. The program is targeted at maximising the number of views formed, and decisions taken, on the basis of facts and science.

To extend the reach and effectiveness of this program, Atrum will continue to evolve facts and information, support community-led campaigns and increase its advertising and media outreach in the coming months.

Our extensive drilling campaign of 2020 at the Elan Project focussed entirely on Isolation South. I am pleased to say that it was completed successfully and even more importantly, safely. The campaign delivered impressive results on both its infill and extensional endeavours. Measured and Indicated Mineral Resources at Isolation South increased by 113% to 175 Mt and total Isolation South Mineral Resources rose by 14% to 262 Mt. Global Elan Project Mineral Resources now stand at a world-class 486 Mt of Tier 1 hard coking coal for steel-making.

The success of the 2020 field program enabled Atrum to release an Updated Elan Project Scoping Study in December 2020. This saw an enlarged and enhanced mining schedule that was also greatly simplified by sole sourcing from Isolation South – while still maintaining full optionality for future mining of Elan South. The net result was a substantial uplift in forecast economics – including a US$535 million increase in post-tax NPV to US$1.4 billion – which further confirmed the world-class potential of the Elan Project. Seaborne Hard Coking Coal prices have risen significantly over the past two months which reaffirms ongoing demand for high quality product from ethical jurisdictions and provides further support for the viability of the Elan Project.

Ongoing coal quality and carbonisation test-work over the course of the year has also further confirmed the Tier 1 product quality of Isolation South hard coking coal for steel-making. The results are commensurate with historical test-work and the typical ranges observed at Teck Resources' nearby Elk

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Valley production complex. They demonstrate the obvious potential of the Elan Project to become a world-class source of premium hard coking coal.

It is clear to Atrum from the extensive drilling and test work undertaken over the past 4 years, that your company has a very valuable asset in the Elan Hard Coking Coal Project. The financial outputs derived from the updated scoping study completed in November 2020 demonstrate a robust project with forecast strong financial returns, both to the shareholders of Atrum but also, importantly, to the Province of Alberta and its residents,

The Elan Project Pre-Feasibility Study remains paused in the short term, as do all major site-based activities. This is with the exception of baseline environmental study work that is required to ensure the continuity and integrity of environmental work done in previous years. These actions were taken in order to preserve cash and to direct maximum focus, effort and respect to the stakeholder consultation process. We will regularly evaluate the potential to restart various project workstreams as we move forward.

Given the current circumstances, all Directors and Management have taken pay cuts or deferrals in addition to significant cost reduction measures that were implemented earlier in 2021 to preserve capital. This position will be re-evaluated in the new year on the basis that clarity emerges then with respect to the new coal policy.

In closing, I would like to thank you, our shareholders, for your continued support of the business. Despite a somewhat tumultuous year, we remain optimistic that communication, consultation and collaboration can deliver a strong outcome for all stakeholders, including Atrum shareholders.

Yours faithfully,

Glen Koropchuk
Non-Executive Chairman
Atrum Coal
Calgary, Alberta

This ASX release was authorised on behalf of the Atrum Board.

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