

ASX Announcement

30 July 2021

QUARTERLY ACTIVITIES REPORT

For the Quarter Ended 30 June 2021

Atrum Coal Limited (ASX: ATU) (**Atrum** or the **Company**) provides its Quarterly Activities Report for the period ending 30 June 2021.

KEY POINTS

- Proactive outreach to stakeholders and participation in consultation processes continues.
- Ongoing roll-out of modern mining information to inform public opinion, putting facts and science up front for decision making.
- Positive and constructive discussions ongoing with First Nations leaders; NCC public support for responsible metallurgical coal mining in Alberta.
- First Nations' applications to appeal JRP decision on Grassy Mountain Project.
- Alberta's independent Coal Policy Committee (**CPC**) visited Elan HCC Project site; Atrum's final written submission to the CPC on track to be delivered in the current quarter.
- Recommendations of the CPC scheduled to be delivered to the Minister by 15 November 2021.
- All activities highlight Atrum's priority on safety and the environment, and its intention to deliver a responsible mining project meeting the high standards of provincial and federal regulators.
- Elan Project PFS remains paused; all site-based activities (excluding baseline environmental studies and tenement care and maintenance) on hold to direct maximum focus and effort to the consultation process.
- Cost reduction measures implemented in-line with reduced 2021 site activity levels.
- Atrum held A\$2.3 million cash at 30 June 2021 and zero debt (excluding usual creditors balances).

Atrum Managing Director and CEO, Andrew Caruso, commented:

"We see clear opportunity for a consultation process that is rigorous, inclusive and transparent. We believe such a process is how all key stakeholders including First Nations, ranchers, local communities, industry and other land users can work towards a balanced, modern policy that makes Alberta a global leader in progressive, inclusive and responsible metallurgical coal development."

"Ethical sourcing of metallurgical coal is critical to meet increasing steel demand, which assists in lifting the developing world out of poverty and transitioning the global economy to green energy technologies. The objective is for all parties, including Atrum itself, to be fully informed of current, highly effective environmental practice set alongside modern development and land use expectations. We can and have been demonstrating comprehensive planning to protect the surrounding environment, generate meaningful socio-economic benefits for First Nations, local communities and Government, and deliver returns for investors."

Elan Hard Coking Coal Project (100% Atrum)

Ongoing outreach and consultation activities

Atrum is working intensively with all stakeholders over the course of this year to assist in the development of a balanced and fair coal policy that reflects modern and responsible mining practices. Additional specialist advisors have been engaged to assist this key objective.

Atrum continues its constructive outreach and consultation activities with First Nations, broader community leadership and key local stakeholders. The intensive activities over the course of this year build on the significant baseline stakeholder engagement work that Atrum has undertaken over the last few years. The Company continues to be pleased with the level of engagement and the nature of the responses that it is receiving through this process.

Atrum continues its efforts to engage and inform Albertans. This is focused on increasing overall community understanding of modern mining practices and the global need for ethical sourcing/supply of high-quality metallurgical coal for steelmaking. The program is targeted at maximising the number of views formed, and decisions taken, based on facts and science.

Atrum is also part of the broader industry education initiative with respect to the evolution and proven effectiveness of modern selenium mitigation methods.

As previously announced, the Elan Project Pre-Feasibility Study (**PFS**) has been paused in the short term. This decision reflects the intent to direct maximum focus to the stakeholder consultation process. It is also made in acknowledgment of the potential for a new coal policy to impact on design elements of the proposed Elan Project development.

Coal Policy consultation update

On 29 March 2021, the Alberta Government announced that an independent Coal Policy Committee (**CPC**) had been established to lead its announced comprehensive engagement process on coal development regulation.

This engagement process is targeted to develop a modern coal policy for the province that ensures *“coal development reflects the best interests of Albertans and continues to balance stringent environmental protections with responsible resource development.”*

The terms of reference for the CPC were announced in mid-April (see Atrum ASX release dated 16 April 2021, *Coal Policy Committee – Terms of Reference*). Operating independently, the CPC is tasked to design and undertake a process aimed at capturing the views of all Albertans. The engagement is planned to have multiple phases. The CPC will provide advice and recommendations to the Minister of Energy. The final report of the CPC is due by 15 November 2021.

The ongoing process of the Government of Alberta to develop a modern mining policy is set to provide greater clarity and certainty on the standards and expectations that the Elan Project must be designed to meet. Atrum welcomes further understanding of these requirements and, when requested, will continue to engage with the Alberta Government to support the creation of a policy that balances environmental protection with responsible development.

NCC support

During the quarter, the National Coalition of Chiefs (**NCC**), a body which represents various Indigenous interests with respect to natural resource development in Canada, wrote to the recently formed CPC to express its support for responsible metallurgical coal mining in Alberta.

The NCC states that it is *'committed to defeating on-reserve poverty by working with the natural resource industry, speaking out in support of responsible development and by creating a forum for discussion between First Nation Chiefs and leaders from the Natural Resource Industry of Canada.'*

The publicly available letter sent to the CPC from Mr. Dale Swampy, President of the NCC, is appended to the Atrum ASX release dated 3 May 2021, *NCC Support for Responsible Metallurgical Coal Mining in Alberta*.

In particular, Atrum notes the final substantive paragraph of the letter: *"As such, 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 so that Indigenous people can participate in the associated economic opportunities, while ensuring the protection of the environment for generations to come."*

Initial submission

Atrum presented its initial submission to the CPC in mid-June (see Atrum ASX release dated 17 June 2021, *Initial Coal Policy Committee Submission*). This initial submission acknowledges Atrum's overriding responsibility to protect the environment in which it operates and welcomes the opportunity to provide economic opportunities for all Albertans. It also continues to emphasise the need for ethical sourcing/production of metallurgical coal that is critical for ongoing and increasing steel demand, which assists in lifting the developing world out of poverty and transitioning the global economy to green energy technologies.

Following its initial submission, Atrum hosted the CPC members on a visit to the world-class Elan Project for a physical fact-finding trip. This involved a tour of various sites across the Elan Project area, including exploration areas from the 2020 field program. The Company believes that the visit was a highly constructive exercise and appreciates the willingness of the CPC to physically visit the sites and meet the core personnel attached to major potential hard coking coal projects in Alberta.

Atrum's final written submission to the CPC is set to be informed by its extensive stakeholder interaction activities over the course of this year (and for the multi-year period preceding that). This submission remains on track to be delivered in 3Q 2021.

Regulatory decision on Grassy Mountain Project

In June, the Joint Review Panel (**JRP**) report for Riversdale Resources' Grassy Mountain Project in Crowsnest Pass was released.

The JRP, comprised of the Alberta Energy Regulator and the Canadian Environmental Assessment Agency, ruled that development of the Grassy Mountain Project is not in the public interest. It concluded that the expected adverse environmental impacts on water quality and fish from development and operation of Grassy Mountain would outweigh the projected positive economic benefits.

This conclusion was detailed within a 680-page report. Atrum plans to take the time needed to fully understand the reasons for the decision and, where warranted, incorporate any learnings applicable to Elan into the design of its Elan Project.

Atrum notes that the conclusion reached by the JRP reflects the specific circumstances and assessed environmental impacts of the Grassy Mountain Project. It does not speak to the importance of metallurgical coal for Alberta and Canada, nor to the specific merits of the Elan Project.

It is Atrum's expectation that the Elan Project will be judged on its own merits. As previously expressed, Atrum seeks to develop the world-class Elan resource in a highly responsible manner that comprehensively satisfies the robust environmental framework prevailing across the combination of Albertan provincial and Canadian federal permitting processes.

The JRP's full report can be accessed at: <https://iaac-aeic.gc.ca/050/documents/p80101/139408E.pdf>.

First Nations' applications to appeal Grassy Mountain decision

In July, an application was lodged by the Piikani Nation (**Piikani**) for permission to appeal to the Alberta Court of Appeal on the JRP decision for the Grassy Mountain Project.

Chief Grier and Council of Piikani Nation had previously commented in June that: *"The Piikani Nation has worked for over five years to be confident that the Grassy Mountain mine will pose a minimal risk to its lands, waters, culture and traditional way of life. Through agreement with the project proponent, it has created strict legal obligations for the mine to protect the environment and its sacred sites."*

President of the National Coalition of Chiefs (NCC), Dale Swampy, also commented in relation to the Piikani application to appeal: *"The NCC acknowledges the appeal submitted by the Piikani Nation in relation to the AER decision on the Grassy Mountain Project, which states that Piikani do not oppose the project and would benefit economically from it proceeding. The NCC believes that modern metallurgical coal projects can protect water and the environment while creating many ongoing business opportunities for indigenous people and companies. The NCC is supportive of any action and effort which would reconsider the ability for First Nations to receive such benefits."*

Atrum notes that Stoney Nakoda Nations have also applied to appeal the JRP decision with respect to Grassy Mountain.

Atrum strongly supports the right of Piikani Nation, Stoney Nakoda Nations, and other First Nations, to have their voices heard with respect to regulatory decision-making and policy development that impact on their lands and economic interests.

Both applications are grounded in principles confirmed by Canada's Federal Court. On 19 July 2021, the Court quashed a federal order designating the Vista Mine in Hinton, Alberta for a federal impact assessment because the Minister failed to consult with the Ermineskin on an impact-benefits agreement the Nation has in place with Coalspur.

Benga Mining Limited, a subsidiary of Riversdale Resources Limited and development proponent for the Grassy Mountain Coal Project, has also applied to appeal the JRP decision.

As previously expressed, Atrum seeks to develop the world-class Elan Project in a highly responsible manner that comprehensively satisfies the robust environmental framework prevailing across the combination of Alberta provincial and Canadian federal permitting processes, while offering significant participation and delivering substantial employment and economic benefits to First Nations' peoples and the broader local and Albertan communities. It is Atrum's expectation that the Elan Project will be judged on its own merits, by all parties.

Project-related activities

Environmental baseline studies continued during the quarter including monitoring and measurement of terrestrial and aquatic resources, air quality and wildlife in order to ensure continuity with previous work.

In consultation with the Alberta Energy Regulator (AER), Atrum has been able to continue maintenance activities on site to ensure the integrity of access roads and drainage channels across the tenement area.

Whilst the PFS remains paused during the coal consultation process, the Company notes that seaborne Hard Coking Coal prices have risen significantly during the June 2021 quarter which reaffirms ongoing demand for high quality product from ethical jurisdictions and provides further support for the viability of the Elan Project.

Corporate

Cash and debt position

Atrum held A\$2.3 million cash at 30 June 2021. The Company has no debt, excluding usual creditors balances.

Significant cost cutting measures have been implemented, whilst preserving the ability to retain sufficient skills and knowledge to drive an effective program in relation to coal policy consultation and to ensure the integrity and value of our asset base in Canada which includes ongoing environmental baseline studies and care and maintenance at the Elan project site.

Management costs (salaries for employees and long-term contractors) will reduce by 48% between January 2021 and September 2021 based on the current forecast, including a 20% cut to the managing Director's salary. Furthermore, the Non-Executive Directors have taken a 50% cut commencing August 2021. This will continue to be reviewed in the coming months and further cost reduction measures will be considered and implemented as deemed appropriate.

ASX additional information

- **ASX Listing Rule 5.3.1:** Exploration and evaluation expenditure during the quarter was A\$2,714,000. Details of exploration activity during the June 2021 quarter are set out in this report and are mostly associated with coal quality test work, environmental baseline studies, PFS work and reporting with respect to the Company's Elan Project in Canada.
- **ASX Listing Rule 5.3.2:** There were no substantive mining production or development activities during the quarter.
- **ASX Listing Rule 5.3.5:** Appendix 5B, Section 6.1 – description of payments: During the June 2021 quarter, the Company paid directors fees totaling A\$109,000 to non-executive directors and A\$106,000 to the Managing Director.

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

Andrew Caruso, Managing Director and CEO

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APPENDIX A: TENEMENTS LIST

Tenure Number	Owner	Business Unit	Tenure Type	Area (Ha)
394847	Atrum Coal Groundhog Inc.	Groundhog	Licence	259
417080	Atrum Coal Groundhog Inc.	Groundhog	Licence	565
417081	Atrum Coal Groundhog Inc.	Groundhog	Licence	636
417082	Atrum Coal Groundhog Inc.	Groundhog	Licence	212
417084	Atrum Coal Panorama Inc.	Panorama North	Licence	708
417085	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,031
417086	Atrum Coal Panorama Inc.	Panorama North	Licence	142
417088	Atrum Coal Groundhog Inc.	Groundhog	Licence	777
417089	Atrum Coal Groundhog Inc.	Groundhog	Licence	142
417094	Atrum Coal Groundhog Inc.	Groundhog	Licence	71
417095	Atrum Coal Groundhog Inc.	Groundhog	Licence	425
417096	Atrum Coal Groundhog Inc.	Groundhog	Licence	71
417098	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,204
417292	Atrum Coal Panorama Inc.	Panorama North	Licence	279
417296	Atrum Coal Panorama Inc.	Panorama North	Licence	71
417297	Atrum Coal Groundhog Inc.	Groundhog	Licence	918
417298	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,059
417299	Atrum Coal Panorama Inc.	Panorama North	Licence	779
417520	Atrum Coal Groundhog Inc.	Groundhog	Licence	212
417521	Atrum Coal Groundhog Inc.	Groundhog	Licence	142
417525	Atrum Coal Panorama Inc.	Panorama North	Licence	425
417526	Atrum Coal Panorama Inc.	Panorama North	Licence	707
417527	Atrum Coal Panorama Inc.	Panorama North	Licence	71
417528	Atrum Coal Groundhog Inc.	Groundhog	Licence	142
418587	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,411
418588	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,412
418589	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,273
418953	Atrum Coal Panorama Inc.	Panorama North	Licence	1,346
418955	Atrum Coal Groundhog Inc.	Groundhog	Licence	1,265
418957	Atrum Coal Panorama Inc.	Panorama North	Licence	1,415
418958	Atrum Coal Panorama Inc.	Panorama North	Licence	1,345
418961	Atrum Coal Panorama Inc.	Panorama North	Licence	71
1320080043	Elan Coal Ltd.	Elan	Coal Lease	1,616
1320080044	Elan Coal Ltd.	Elan	Coal Lease	1,536
1320080045	Elan Coal Ltd.	Elan	Coal Lease	1,724
1320080046	Elan Coal Ltd.	Elan	Coal Lease	1,694
1320080047	Elan Coal Ltd.	Elan	Coal Lease	2,304
1320080048	Elan Coal Ltd.	Elan	Coal Lease	2,165
1320080049	Elan Coal Ltd.	Elan	Coal Lease	1,952
1320080050	Elan Coal Ltd.	Elan	Coal Lease	1,840
1320080051	Elan Coal Ltd.	Elan	Coal Lease	1,024
1320080052	Elan Coal Ltd.	Elan	Coal Lease	1,664
1320080053	Elan Coal Ltd.	Elan	Coal Lease	112

Tenure Number	Owner	Business Unit	Tenure Type	Area (Ha)
1320080054	Elan Coal Ltd.	Elan	Coal Lease	272
1320080055	Elan Coal Ltd.	Elan	Coal Lease	1,726
1320080056	Elan Coal Ltd.	Elan	Coal Lease	1,936
1320080057	Elan Coal Ltd.	Elan	Coal Lease	48
1320080058	Elan Coal Ltd.	Elan	Coal Lease	822
1320080059	Elan Coal Ltd.	Elan	Coal Lease	256

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