

ASX Announcement

5 June 2020

DRILLING COMMENCED

HIGHLIGHTS

- 2020 field program drilling commenced at Isolation South.
- Phase 1 to focus on infill and coal quality drilling in the northern section of Isolation South.
- Residual Isolation South coal quality results expected in coming weeks.

Atrum Coal Limited (ASX: ATU) (**Atrum** or the **Company**) is pleased to advise that it has commenced drilling as part of the 2020 field program at its 100%-owned Elan Hard Coking Coal Project (**Elan Project**) in southern Alberta, Canada.

The first rotary air blast (RAB) drill hole of the current program commenced at Isolation South on 31 May 2020.

The first phase of the 2020 exploration program is focused on drilling (RAB and coring) of the northern part of the Isolation South resource, within currently permitted areas. Currently classified as Inferred, the northern 108Mt portion of the Isolation South resource was excluded from the final mine schedule in the Elan Project Scoping Study, in accordance with the current ASX/ASIC regulatory framework (see Atrum ASX release dated 16 April 2020, *Elan Project Scoping Study*)¹.

Targeted upgrade of this portion of the resource into Indicated and/or Measured classification delivers the strong potential for its conversion to Ore Reserves and inclusion in the mine schedule for the Pre-Feasibility Study (**PFS**) on the Elan Project. Such inclusion presents substantial upside potential to the forecast base case economics of the Elan Project presented in the Scoping Study.

Environmental baseline work for the PFS has also recommenced at both Isolation South and Elan South. Aquatic and terrestrial discipline components are progressing with hydrogeology and geotechnical investigative work scheduled to commence this month. The First Nations consultation process continues to progress steadily.

Additional detail on the 2020 field program and key PFS workstreams is expected to be provided in early July. Residual Isolation South coal quality results from final 2019 program drilling (conducted in early 2020), including coke quality and carbonisation testwork outcomes, are expected in coming weeks.

Atrum Chief Executive Officer, Andrew Caruso, commented: *“Following the successful 2019 field program and Elan Project Scoping Study completion, we are pleased to be back on the ground and drilling at the Isolation South deposit. The potential to rapidly upgrade classification of the northern part of the Isolation South resource, with the sizeable upside that could offer to base case Elan Project economics, means that it is the natural starting point for our 2020 drilling program. We look forward to regularly updating the market with our drilling and coal quality results over the second half of this year.”*

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

Andrew Caruso, Chief Executive Officer

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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.