

ASX Announcement

29 April 2022

QUARTERLY ACTIVITIES REPORT

For the Quarter Ended 31 March 2022

Atrum Coal Limited (ASX: ATU) (**Atrum** or the **Company**) provides its Quarterly Activities Report for the period ending 31 March 2022.

KEY POINTS

- Coal Policy Committee (**CPC**) Reports received by the Alberta Minister of Energy
- Coal Policy Reports released by Alberta Government with resultant Ministerial Order
- Atrum's world-class Elan Hard Coking Coal (**HCC**) Project remains paused
- Outcome of Grassy Mountain appeals

Elan Hard Coking Coal Project (100% Atrum)

Coal Policy Committee Reports received by the Minister of Energy

On 4 January 2022, the Company announced that the Alberta Minister of Energy, Sonya Savage, issued a statement confirming receipt of the Coal Policy Committee's reports.

"The independent Coal Policy Committee has submitted both the engagement report and the final report, which contains their recommendations on Alberta's long-term approach to coal. The government will take the necessary time to review the reports' findings and recommendations carefully before they are released publicly."

"I thank the committee for their diligence and hard work engaging with Albertans and in developing their recommendations. I also want to thank all Albertans, Indigenous people, communities and organizations that participated in the process and provided their valuable input."

Coal Policy Committee Reports and resultant Ministerial Order

On 4 March 2022, the Alberta Coal Policy Committee reports were released alongside a Ministerial Order resulting from the reports.

The Ministerial Order put in place by Alberta Energy Minister Sonya Savage - described as a "Coal Development Direction" - establishes an interim framework for the coal industry as the Alberta government continues to work towards a new provincial coal policy. The Minister:

- Reaffirms Alberta's 1976 Coal Policy
- Continues the suspension of coal exploration and development in the Eastern Slopes until "sufficient land use clarity has been provided through a planning activity."

The Ministerial Order includes specific instructions to the Alberta Energy Regulator:

- Category 1 – no coal exploration or commercial development is permitted.
- Category 2 – approvals in the Eastern Slopes remain suspended and no new applications will be accepted until written notice is provided by the Minister of Energy and / or the Minister of Environment and Parks.
- Categories 3 and 4 – Advanced and Active coal mine projects can continue. All other approvals are suspended and no new applications will be accepted until written notice is provided by the Minister of Energy and / or the Minister of Environment and Parks.
- Abandonment, reclamation, security and safety activities can be undertaken at Active coal mines and Exploration sites.

The status of Alberta based mines is defined as follows:

- Advanced coal projects are those for which a project summary has been submitted to the Alberta Energy Regulator for determination of whether an environmental impact assessment is required. These are - Grassy Mountain (Benga / Riversdale Resources), Tent Mountain (Montem Resources) and Vista (Bighorn Mining / Coalspur).
- Active coal mines are those for which a license has been received under the Coal Conservation Act.
- The Elan Project (100% Atrum), situated in Category 2 land, is considered to be Exploratory. Others in this classification include Cabin Ridge, Aries (Ram River) and Blackstone (Valory Resources / Black Eagle).

The CPC reports provide the basis for the Ministerial Order. The reports document the outcomes of the engagement with Albertans and provide recommendations on future coal development in Alberta.

The CPC concludes that if Alberta chooses to supply coal to international markets there is a need to review and update legislation associated with coal management. Citing a host of changes since Alberta's Coal Policy was put into place in 1976, the CPC says the report "offers innovative recommendations needed to complete a responsible, modernized policy for Alberta coal."

The CPC report puts forward eight major recommendations:

1. Modernize Alberta's coal policy - The CPC recommends decisions about potential coal development projects be guided by regional and subregional land use plans. Consideration of cumulative effects and integration of economic, environmental and social pillars by these plans are key actions recommended by the CPC.
2. Meaningfully involve Alberta's Indigenous communities in the land use planning process.
3. Make regional provisions for coal development legally binding on government.
4. Review Alberta's coal tenure and royalty regimes.
5. Address private lands and freehold mineral rights - The CPC recommends a new coal policy provide clarity on how it applies to freehold mineral rights and to have the capacity to provide compensation using legislated mechanisms.
6. Assess new coal projects with a net benefits test and public consultation.
7. Resolve uncertainty concerning responsibility for reclamation liabilities. The CPC recommends consideration of putting in place a reclamation security program specifically for coal mines.
8. Address reclamation liabilities for legacy coal mines.

The Company notes that the Government has not provided any guidance as to the timing of a new coal policy. As a result, the Company's Elan Project remains on pause. Engagement continues with various stakeholders including First Nations, the local community, and the general public through various print and electronic media channels.

Atrum Non-Executive Chairman, Glen Koropchuk, commented: "The team has tightened the belt and curtailed all non-required regulatory, site and project development activities whilst we await further insights into time-lines and details on the land-use planning and consultation processes required to inform the new Coal Policy that have been recommended by the Coal Policy Committee and accepted by the Government of Alberta. Engagement efforts continue with various stakeholders including First Nations, the local community, and the general public through various print and electronic media channels."

Outcome of Grassy Mountain appeals

As previously announced, Piikani Nation (**Piikani**) and Stoney Nakoda Nations (**Stoney Nakoda**) applied for permission to appeal to the Alberta Court of Appeal on the Joint Review Panel (**JRP**) decision for Riversdale Resources' Grassy Mountain Coal Project in the Crowsnest Pass area. Benga Mining Limited (**Benga**), a subsidiary of Riversdale Resources Limited and development proponent for the Grassy Mountain Coal Project, also applied to appeal the JRP decision.

On 28 January 2022, the single appeal judge issued her decision denying all three applications for permission to appeal. The permission to appeal test applied by the Court is a strict test which requires that any proposed grounds of appeal be a pure question of law and also have arguable merit.

In this case the judge found that, to the extent the applicants, Benga, Piikani, and Stoney Nakoda, raised errors of law, they did not have arguable merit; and with respect to other grounds, the judge found they did not constitute pure errors of law and were instead questions of fact.

The result of this decision is that a full panel of three judges of the Alberta Court Appeal will not hear the appeals. However, each of Benga, Piikani and Stoney Nakoda have also filed judicial review challenges of the provincial component of the JRP decision with Alberta's Court of Queen's Bench. It remains to be seen whether the applicants will pursue these challenges, which were held in abeyance pending the decision of the Alberta Court of Appeal.

The findings of the JRP and the subsequent ruling of the Alberta Court of Appeal apply specifically and only to Benga's Grassy Mountain application. Like any natural resource development project, new applications for metallurgical coal mines will be gauged on their individual merits using the comprehensive and rigorous regulatory frameworks of Alberta and Canada.

Corporate

Cash and debt position

Atrum held A\$1.7 million cash at 31 March 2022.

The Company has no debt, excluding usual creditors balances.

Cost reduction measures that were implemented to reflect the significantly lower level of site activities in 2021 remain in place. Atrum's management and Board of directors are very mindful of preserving cash while the regulatory position is being determined and while its flagship Elan HCC Project is paused.

Resignation of Managing Director

On 1 February 2022, the Company advised that it had received notice of resignation from its current Managing Director and Chief Executive Officer, Andy Caruso. Mr Caruso concluded his tenure with Atrum in April.

The Atrum Board is undertaking a review of the overall management structure in light of the current pause at the Elan HCC Project.

On 3 February 2022, the Company advised, in accordance with ASX Listing Rule 3.16.1, that Mr Justyn Stedwell had stepped down as Joint Company Secretary.

The Board wishes to thank Mr Caruso and Mr Stedwell for their contributions to the Company.

ASX additional information

- **ASX Listing Rule 3.14:** The Company changed its registered office and principal administrative office on 3 February 2022 to: Level 5, 126 Phillip Street, Sydney NSW 2000.
- **ASX Listing Rule 3.16.1:** Mr. Justyn Stedwell stepped down as Joint Secretary of the Company on 3 February 2022.
- **ASX Listing Rule 5.3.1:** Exploration and evaluation expenditure during the March 2022 quarter was A\$585K. Details of exploration activity during the December 2021 quarter are set out in this report and are mostly associated with environmental baseline studies, PFS work and reporting with respect to the Company's Elan Project in Canada and payment of annual leases of the Elan Project.
- **ASX Listing Rule 5.3.2:** There were no substantive mining production or development activities during the quarter.
- **ASX Listing Rule 5.3.3:** There have been no tenements acquired or disposed of during the quarter.
- **ASX Listing Rule 5.3.5:** Appendix 5B, Section 6.1 – description of payments: During the March 2022 quarter, the Company paid directors fees totaling A\$40K to non-executive directors and A\$105K to the Managing Director.
- **ASX Listing Rule 12.6:** On 3 February 2022, following the resignation of Joint Company Secretary Mr. Justyn Stedwell, Ms. Nova Taylor assumed responsibility for communications between the Company and the ASX in her role as Company Secretary.

This ASX release was authorised by the Atrum Coal Board.

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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