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Atrum Coal
COAL FOR STEEL

ASX Release

30 January 2018

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 31 DECEMBER 2017

HIGHLIGHTS

- **Resource announced for Elan South**
  - JORC-compliant Resource Estimate released for Elan South Project.
  - Previous report and ground works carried out in 2017 confirm that the Elan tenements host substantial emplacements of shallow hard coking coal
  - A competent person's review of the preliminary coal quality data confirmed hard coking coal at Elan South
  - Elan South occurs in well-established hard coking coal mining region east approximately 25mtpa production of met coal and immediately north of the Riversdale proposed 4.5mtpa hard coking coal project
  - Progressing in planning the 2018 extensive definition drilling programme, including large diameter core sampling, confirmatory quality analysis, preliminary engineering design, and baseline environmental studies
  - Discussions on-going with potential investors to jointly develop Elan properties.
- **Atrum amends Sales and Purchase Agreement with Elan vendors to purchase Elan properties using Atrum scrip instead of listing Kuro on a stock exchange – a substantial cost saving and benefit to the existing Atrum shareholders.**
- **Anthracite coal quality testing on the 2017 Panorama North drilling samples on going and to be completed in late January 2018; planning for 2018 JOGMEC JV exploration program.**
- **Retirement of $1.7M Moneytech loan from the $1.8M Mineral Exploration Tax Credit received from the Canadian Government.**
- **2017 AGM held in Sydney on 3 November, 2017, where a new company strategy was presented and Max Wang appointed to Atrum Board**

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Board of Directors

Non-Exec Chairman	C. Blixt
Managing Director	M. Wang
Non-Executive Director	C. Fear
Non-Executive Director	G. Edwards
Non-Executive Director	J. Chisholm
Company Secretary	J. Stedwell

Key Projects

Groundhog	Ownership: 100%
Naskeena	Ownership: 100%
Bowron River	Ownership: 100%

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Atrum Coal Ltd ("**Atrum**" or the "**Company**") (**ASX: ATU**) is pleased to provide its Quarterly Activities Report for the period ending 31 December 2017.

Non-Executive Chairman Charles Blixt commented: *"Our focus during the quarter has been on progressing the acquisition of the Elan hard coking coal project in Alberta, Canada. Hard coking coal is in demand. Elan is well located with Riversdale Resources' Grassy Mountain project just south of our project and Elan is right next to critical infrastructure such as road and rail.*

"We announced a JORC-compliant Resource Estimate for the Elan South portion of the project of 7Mt Indicated and 29Mt Inferred resources during the quarter. After the completion of the acquisition, we will be undertaking some major exploration at Elan during 2018, with a focus on the Elan South area, and we look forward to keeping the market updated on our progress."

Brief Market Update

Q4 of 2017 saw continued strengthening and stabilizing of both hard coking coal and anthracite prices (see price charts below from Resource-Net). At the 25th International Coal, Coke and Carbon Forum (also known as the Carbon Forum) held in Budapest in early November, many industry insiders predicted that the met coal prices would remain strong into the foreseeable future. At the Carbon Forum, our MD and CEO Max Wang also gave a presentation on Atrum's assets and plans as well as participated in a panel to discuss with the audience on coking coal mining and new opportunities in Canada.

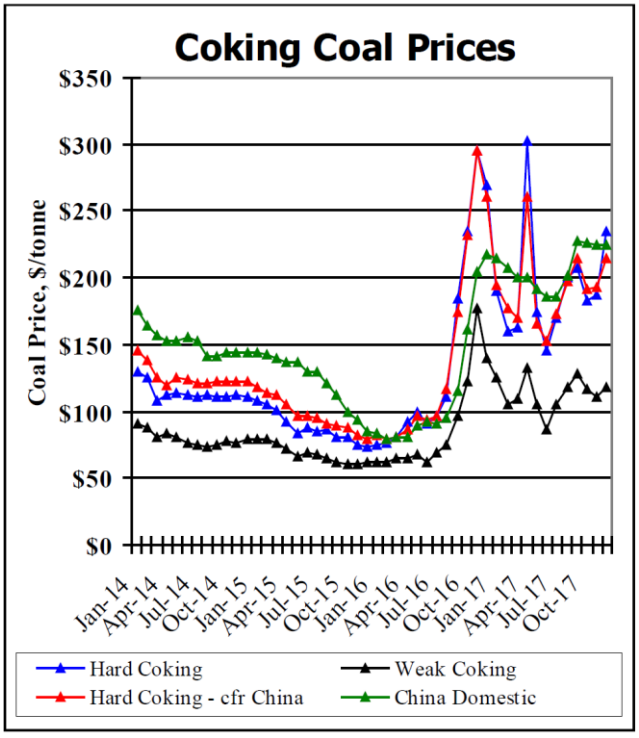

Figure 1: Coking Coal Price Chart

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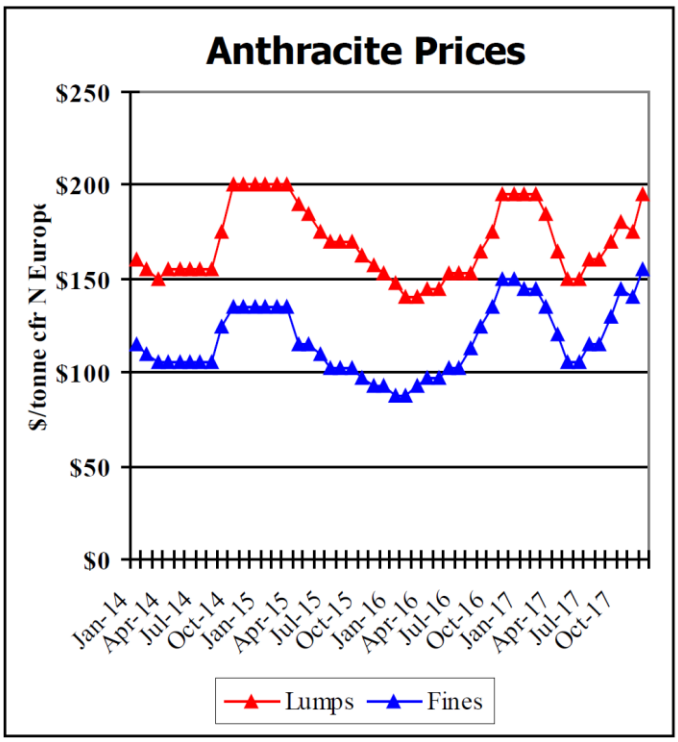

Figure 2: Anthracite Price Chart

Elan Project Update

In 2014, Kuro Coal, a whole owned subsidiary of Atrum, acquired an interest in the Elan Coking Coal properties in South Alberta, Canada, which have six areas known to hold shallow emplacements of high quality hard coking coal. The Elan South project, one of six distinct project areas in Elan, is adjacent and contiguous with the Riversdale Resources Grassy Mountain project, and close to critical infrastructure for development.

As previously announced on 23 August 2017 (http://atrumcoal.com/wp/wp-content/uploads/2017/08/01886839.compressed.pdf) , Atrum and its subsidiaries Kuro Coal Ltd ("Kuro") and Kuro Coal Canada Inc entered a share sale deed to purchase all the shares in Elan Coal Ltd.

Elan South Project Resource Update

During the quarter, Atrum completed a JORC-compliant Resource Estimate for the Elan South area within the Elan hard coking coal project.

Highlights of the report included:

- JORC open cut Resource Estimates at Elan South: Indicated (7Mt) and Inferred (29Mt), from areas of approximately only 5% of the total Elan South tenements.
- Resource Estimates confirms Elan South hosts substantial emplacements of shallow hard coking coal with an exploration target of 200Mt.
- Previous report and ground works carried out in 2017 confirm that the whole Elan tenements host substantial emplacements of shallow hard coking coal

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- A review by a coal quality expert (Bob Leach Pty Ltd) on the preliminary coal quality data indicates a hard coking coal resource
- Project occurs in well-established hard coking coal mining region and is immediately north of the Riversdale's Grassy Mountain Project, with convenient critical infrastructure for cost effective development and operation.

Further details of the resource report can be found in the Company's 2nd November 2017 news release, *Kuro Coal announces Elan South Resource Estimate* from the following link: http://atrumcoal.com/wp/wp-content/uploads/2017/11/ATU-1.pdf

The Company is working on the 2018 program to focus on extensive definition drilling, large diameter core sampling, confirmatory quality analysis, preliminary engineering design, and baseline environmental studies for the eventual mining permits. Discussions have been initiated and are on-going with potential partners/investors to jointly develop Elan properties.

Update on Acquisition of Elan

During the quarter, the Company and the vendors of the Elan coking coal properties had agreed to amend the Sales and Purchase Agreement (SPA) to allow Atrum Coal to acquire the properties directly rather than through Kuro Coal Ltd, subject to certain conditions precedent first being satisfied.

Under the amendment, Atrum will assume all the rights and obligations of Kuro Coal in the original SPA, including the payments of C$3.65M in Atrum shares at a price of A$0.19 and C$3M cash. Further details of the amendment can be found in the 6 December Company announcement "*Atrum Coal amends terms of acquisition of Elan Coal's hard coking coal properties*", from the following link: http://atrumcoal.com/wp/wp-content/uploads/2017/12/01930833.pdf

Groundhog Anthracite Project

The Groundhog Anthracite Project (Groundhog) is in the Groundhog Coalfield in north-western British Columbia, Canada. Atrum's current Groundhog tenements cover an area of approximately 600km². Groundhog is prospective for high grade and ultra-high-grade anthracite suitable for use in the manufacture of blast furnace steel, as well as electric arc furnaces, as a reductant, filter media, and feedstock for chemical production. The Company has devised multiple mines for development in the Groundhog Coalfield, beginning with the extensively drilled Groundhog North area and the Panorama North area where a joint venture exploration program has been carried out with the Japan Oil, Gas and Metals National Corporation ("JOGMEC") for the past two years.

During and subsequent to the Quarter, the Company continued to seek discussions with potential joint venture partners for future exploration and development of the Groundhog areas. The Company will update shareholders when progress is made to secure additional Joint Venture Partners for Groundhog.

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Update on Panorama North Anthracite Project

During and subsequent to the Quarter, the Company completed the preliminary geology report on the Panorama North drilling campaign undertaken in H2 of CY 2017. Drilling was undertaken in the previous Quarter, along with additional ground works. A summary of historical and recent drilling and trenches are shown in the figure below, and all drill holes intersected substantial coal seams, as previously reported or announced.

Figure 3: Panorama North

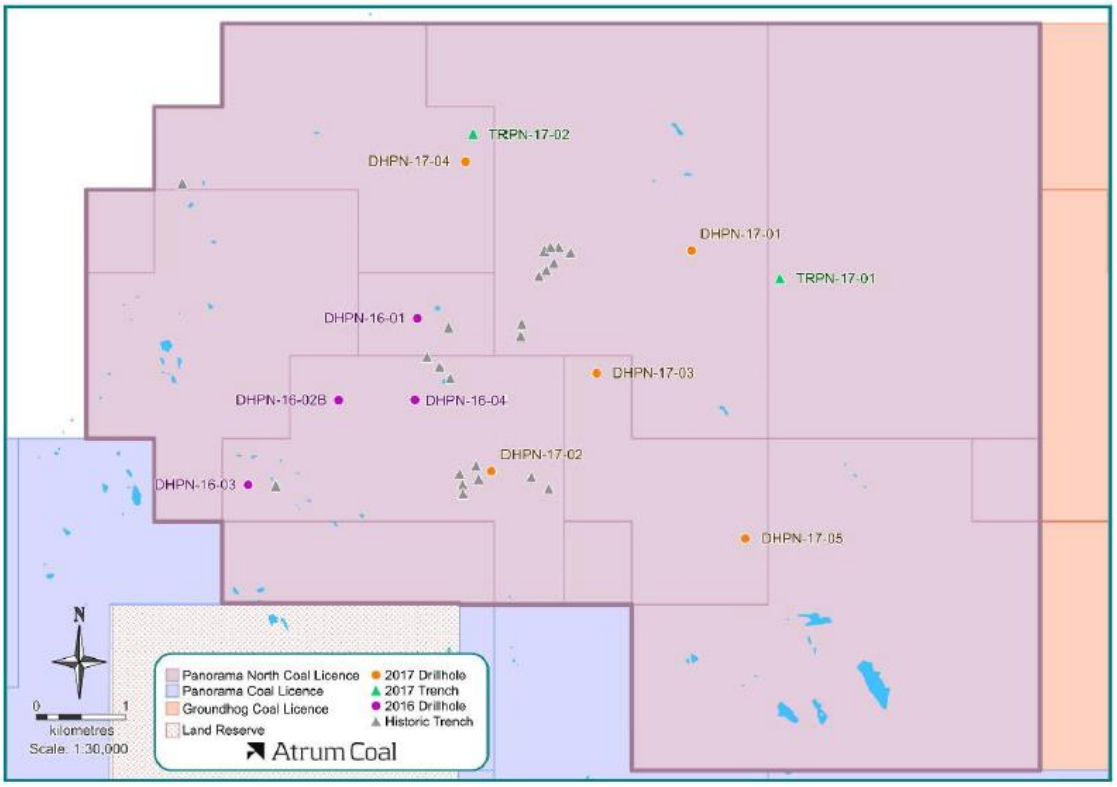

Figure 4: Drillholes and Trenches at Panorama North.

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Figure 5: Flat bedded strata extending down hole DHPN 17-01.

Anthracite coal quality testing on the 2017 Panorama North drilling samples is on-going and to be completed and reported in February 2018, while the Company is working on plans for the 2018 JOGMEC JV exploration program.

Export Sales Joint Venture with Atlantic Carbon Group PLC

Despite a rise in anthracite prices for lumps and fines in the Quarter, the Company was unable to secure enough coal from Atlantic Carbon Group PLC (ACG) to meet customer requirements. Only a minimal amount has been received with respect to the sale of the ACG inventory. The Company is applying pressure on ACG to recover the entire amount of the inventory during the current quarter. During and subsequent to the Quarter, the Company has continued to assess alternate supplies of anthracite in the region to facilitate sales.

CORPORATE

Board and Management Changes

During the quarter, Atrum announced the formal appointment of Chief Executive Officer Max Wang to the Atrum Board of Directors in accordance with a resolution passed by shareholders at the Company's Annual General Meeting on 3 November 2017.

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Other Items

Prior to the end of the Quarter, the Company received A$1.8m refund from the Canadian Government METC scheme. This was used to pay out the Moneytech facility entirely. In addition, the Company paid $245K to Lenark to reduce the amount outstanding to A$1.6m.

During the quarter the Company granted 15,600,000 options to the CEO and directors and 120,000 shares to employees under the Employee Share Plan, under various strike prices.

The Company is in the process of changing year end to 31 December and will update shareholders in this regard as approvals are granted by the various government agencies.

The Company has prepared and sent documentation to Kuro Coal convertible note holders in relation to the conversion of Kuro convertible notes to Atrum shares.

Financing

The Company is in advanced discussions with investor groups for the financing of the acquisition of the Elan project.

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TENEMENT SUMMARY

Tenure Number	Owner	Project	Tenure Type	Tenure Sub-Type	Area (ha)
394847	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	259
394848	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	259
394849	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	259
417079	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	991
417080	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	565
417081	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	636
417082	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	212
417085	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1031
417088	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	777
417089	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	142
417090	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	568
417094	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	71
417095	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	425
417096	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	71
417098	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1204
417100	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	71
417101	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	960
417297	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	918
417298	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1059
417520	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	212
417521	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	142
417522	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	71
417523	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	354
417528	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	142
418443	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1416
418444	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1416
418445	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1417
418446	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1205
418587	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1411
418588	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1412
418589	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1273
418590	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1415
418941	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1418
418942	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1417
418943	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1416
418944	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1416
418951	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1418
418952	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1417

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Tenure Number	Owner	Project	Tenure Type	Tenure Sub-Type	Area (ha)
418955	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1265
418959	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1414
418960	Atrum Coal Groundhog Inc.	Groundhog	Coal	Licence	1412
417291	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	73
417293	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	426
417294	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	284
417295	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	851
417300	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	355
417301	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	851
418924	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1239
418925	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1332
418926	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1280
418927	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	354
418928	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1416
418929	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1419
418930	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1420
418931	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1421
418932	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1421
418950	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1418
418962	Atrum Coal Groundhog Inc.	Panorama	Coal	Licence	1136
417084	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	708
417086	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	142
417292	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	279
417296	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	71
417299	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	779
417525	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	425
417526	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	707
417527	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	71
418953	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	1346
418957	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	1415
418958	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	1345
418961	Atrum Coal Panorama Inc.	Panorama North	Coal	Licence	71
418103	Atrum Coal Peace River Inc.	Bowron River	Coal	Application	1875
419157	Atrum Coal Peace River Inc.	Bowron River	Coal	Application	1350
419159	Atrum Coal Peace River Inc.	Bowron River	Coal	Application	1350
417842	Atrum Coal Naskeena Inc.	Naskeena	Coal	Application	1200
417845	Atrum Coal Naskeena Inc.	Naskeena	Coal	Application	1125