For personal use only

Atrum Coal
COAL FOR STEEL

ASX Release

30 January 2019

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 31 DECEMBER 2018

HIGHLIGHTS

- **2018 drilling program at Elan South, including large diameter core samples, successfully completed.**
- **Initial results from coal quality testwork indicate high-quality hard coking coal.**
- **Comprehensive coal quality results expected during the coming weeks.**
- **Elan South resource estimate increased by 170% to 97Mt.**
- **Additional resource estimate of 201Mt defined for northern Elan tenements.**
- **Total Elan Project resource now 298Mt (70Mt indicated and 228Mt Inferred).**
- **2018 Panorama North field program, fully funded by JOGMEC, completed.**
- **Panorama North resource estimate and coal quality results expected in 1Q19**

Atrum Coal Ltd ("Atrum" or the "Company") (ASX: ATU) is pleased to provide its Quarterly Activities Report for the period ending 31 December 2018.

Non-Executive Chairman, Charles Blixt, commented: *"The past quarter saw the culmination of our 2018 field program at Elan South, including the completion of the large diameter coring to extract samples for coal quality testing. Comprehensive coal quality testing is expected to be complete in coming weeks, with initial results already indicating high-quality hard coking coal parameters. Resource estimate updates for both Elan South and the northern Elan tenements were also completed and released during January 2019. The Elan Hard Coking Coal Project now possesses a global resource of almost 300Mt – with outstanding potential to grow considerably from there.*

"Finally, the C$1.9 million JOGMEC-funded drilling program at Panorama North was completed during the past quarter. We look forward to updated resource estimates and detailed coal quality results for this project towards the end of the current quarter."

Registered Office
Unit 1B, 205-207 Johnston Street
Fitzroy, VIC 3065
Phone: +61 (0) 3 9191 0135
Fax: +61 (0) 3 8678 1747
info@atrumcoal.com
www.atrumcoal.com

Board of Directors

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

Key Projects

Groundhog	Ownership: 100%
Bowron River	Ownership: 100%
Elan Coal	Ownership: 100%

For personal use only

Elan Hard Coking Coal Project Update

Coring Drill Program (Phase 3)

A coring rig was brought to site to obtain fresh cores from select previously drilled locations at Elan South, and coring occurred from late October through November 2018. The coring operation targeted shallow, thick coal intersections that were drilled during Phase 1 and Phase 2 (refer Figure 1). A total of 5 cored holes were completed; four large diameter (~150mm) and one PQ3 (~80mm), totalling 371.5m of drilling and 128.04m of cores recovered (refer Table 1) to provide enough coal samples for the planned coal quality test program.

Table 1: Summary of the core diameter, total drill depth, and coal recovered from Phase 3 drilling operations.

Borehole ID	Core Diameter (mm)	Total Depth (m)	Coal Recovered (m)
ESLD18-01A	150	35.24	14.87
ESLD18-01B	150	35.95	14.44
ESLD18-02A	150	66.64	30.01
ESLD18-02B	150	72.86	42.90
ESPQ18-01	80	160.80	25.82
TOTAL		**371.49**	**128.04**

All cores were transported to Birtley Coal & Minerals Testing in Calgary, Alberta where they were kept refrigerated prior to analysis.

JORC Resource Updates

Elan South

As previously discussed, the strategy for the 2018 exploration program was to define the structural geology of the Elan South deposit, refine coal quality and coking properties, and to underpin an increase in the previous JORC resource estimate. The previous Elan South JORC resource estimate was based on limited data acquired during the 2014 drilling and field survey.

Atrum and its geological and mining consultant, Palaris Australia ("Palaris"), undertook the interpretation and modelling work to update 3D models with the large amount of borehole and field survey data, to update the JORC resource estimate for Elan South. The updated JORC resource estimate of 97Mt (a 170% increase on the previous estimate) was finalised and released to the ASX on 8 January 2019 (*Elan South Hard Coking Coal Resource Increased by 170% to 97Mt*).

Atrum Coal Ltd ACN 153 876 861 – Unit 1B, 205-207 Johnston Street, Fitzroy, VIC 3065 **T** +61 (0) 3 9191 0135 **E** info@atrumcoal.com
www.atrumcoal.com

Table 2 summarises the updated resource estimate on Elan South (31Mt Indicated and 97Mt Inferred):

Table 2: Elan South JORC resource estimate

Seam Group	Sub-Seam	Indicated	Inferred	TOTAL
Seam 1	S1C	6.1	9	15.0
	S1CL	0.5	2	2.3
	S1B	1.1	3	4.3
	S1AU	4.6	4	8.4
	S1AL	8.2	7	14.9
Seam 2	S2BU	-	5	4.6
	S2B	1.1	9	9.9
	S2BL	-	2	1.7
	S2AU	4.4	10	14.8
	S2AL	5.3	12	16.8
Seam 4	S4A	-	1	1
	S4B	-	3	3.2
	S4C	-	1	1
Grand Total		**31.3**	**66**	**97**

Northern Elan Tenements

The Company and Palaris also reviewed a large volume of historical exploration and coal quality testing information available on Atrum's other tenement areas, outside of Elan South, within the broader Elan Project (the "northern Elan tenements"). New geological databases and 3D models were then constructed in order to estimate the JORC resources for these tenements.

The results of the JORC Resource estimate and coal quality update for the northern Elan tenements, which is additive to the Elan South resource, was finalised and released to the ASX on 22 January 2019 (*Additional 201Mt JORC Resources defined for Elan Hard Coking Coal Project*). The updated resource is estimated at 201Mt, of which 39Mt is classified as Indicated and 162Mt as inferred. Table 3 provides a summary of the estimates from different areas of the northern Elan tenements.

For personal use only

For personal use only

Table 3: Northern Elan tenements JORC resource estimate

Mine Area	Measured	Indicated	Inferred	Total
Savanna	-	-	30	30
Isolation South	-	39	81	120
Isolation – Isolation Ridge, Twin and Coaltop areas	-	-	51	51
Grand Total	**-**	**39**	**162**	**201**

Resources reported as million tonnes (Mt) in-situ and are exclusive of the Elan South area of the Elan Project.

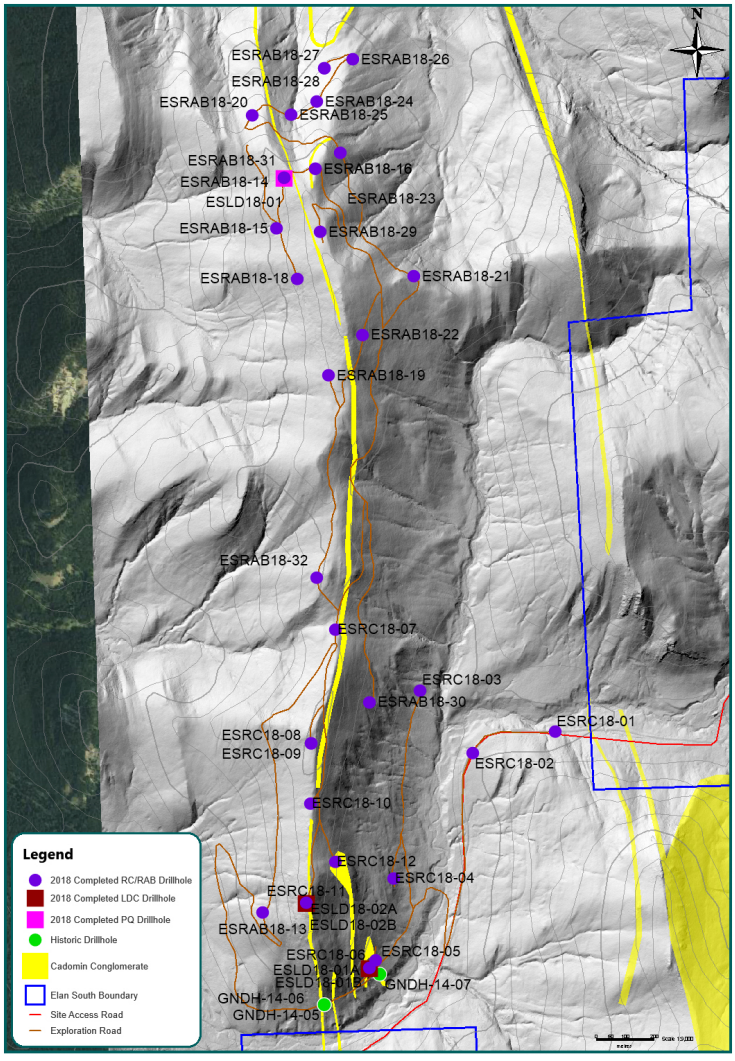

Figure 1. Elan South Drillhole Locations

For personal use only

Coal quality testing for Elan South 2018 exploration program

A comprehensive coal quality testing and analysis on Elan South core was undertaken during the quarter and expected to be completed in coming weeks. Initial quality results, released with the Elan South resource estimate update, evidence high-quality hard coking coal parameters.

Environmental baseline study

The Environmental Baseline Study for Elan commenced in June 2018 and continued during the December quarter, although water sampling ceased following the creeks freezing for winter. The consulting firm, Millennium EMS Solutions Ltd, which has worked extensively for Riversdale's Grassy Mountain Project immediately to the south, continued with other baseline monitoring work and produced a 2018 environmental work report.

Work underway in the current quarter

Release of JORC resource estimates

Updated JORC resource estimates for both Elan South and the northern Elan tenements were completed and released to the ASX in January 2019.

Coal quality review was also completed for the northern Elan tenements as part of the resource modelling and update of these project areas. This review confirmed that coal deposits in the northern Elan tenement areas have the strong potential to deliver a premium hard coking coal product.

Coal quality testing for Elan South continues. Comprehensive final results are expected to be received and released in the coming weeks.

Permits

The Environmental Baseline Study will continue during the current quarter and through 2019. Most of the effort in the current quarter will be targeted at development of an environmental regulatory approval plan for the project. The environmental plan includes collecting the necessary baseline environmental data, studying the impact of mining activities on the environment, and developing environmental mitigation plans in designing and operating the mine in order to permit the project.

Atrum Coal Ltd ACN 153 876 861 – Unit 1B, 205-207 Johnston Street, Fitzroy, VIC 3065 **T** +61 (0) 3 9191 0135 **E** info@atrumcoal.com
www.atrumcoal.com

For personal use only

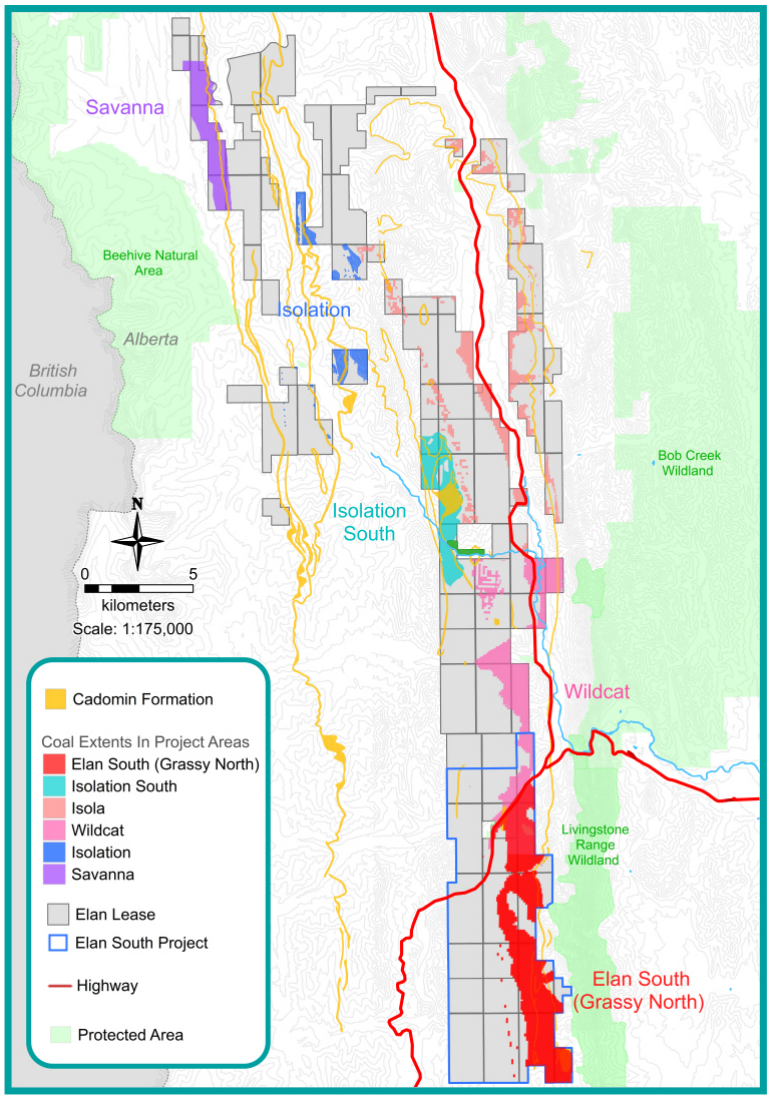

Figure 2. Different Project Areas of Elan Project

Panorama North

The Panorama North Project is located south-west of Groundhog North in British Columbia. Atrum has an exploration joint venture agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC). Under the agreement, JOGMEC can earn up to a 35% interest in the Panorama North Project by investing C$5.0M in exploration expenditure across the project over a three-year period.

The 2018 field program at Panorama North, fully funded by JOGMEC for a total budget of C$1.9M, was completed in the December quarter. This program saw the drilling of a total of 1,979 metres of fully cored diamond drill holes completed at eight sites.

For personal use only

Significant coal seams were intersected. The cores have been submitted for analysis at an independent laboratory and results are expected in the current quarter. Initial visual inspections are promising, with cores displaying physical properties similar to the samples taken from the 2016 and 2017 drilling programs.

Atrum and JOGMEC designed the 2018 field program at Panorama North with the aim of identifying the extent of the anthracite deposit within a wide area at Panorama North. The holes drilled this year, combined with those drilled in 2016 and 2017, were designed to obtain adequate drill data to underpin a JORC resource estimate and to provide more information on the local geology structure of anthracitic coal seams.

Work underway in the current quarter

Coal quality laboratory testing is experiencing some delays at present due to heavy work load at the labs. The results from the 2018 drill program cores are expected in the next few weeks.

In combination with previous drilling results, the 2018 drill data will also form the basis of a maiden JORC resource estimate on Panorama North. This is still targeted for completion and release during the current quarter. Panorama North is adjacent to the Groundhog Project (100% Atrum), which hosts a 1.02 billion tonne JORC resource.

See Atrum's ASX release of 5 October 2018 (*Significant coal intersections in 2018 Panorama North drilling program*) for further details.

Panorama South

In the September 2018 quarter, JOGMEC and Atrum signed an exclusivity agreement for negotiating a joint venture on the Panorama South tenements, as an addendum to the existing Panorama North joint venture agreement. Subject to other detailed terms and conditions specified in the agreement, the addendum provides that, until 31 March 2021, the Company and JOGMEC will negotiate exclusively for a possible joint venture agreement to explore Panorama South. JOGMEC will refund Atrum the tenements lease payments for Panorama South made, or to be made, by the Company from 1 April 2018 to 31 March 2021. The Company received a refund of C$84K for the leases paid in 2018.

Groundhog Project

The Groundhog Anthracite Project ("Groundhog") is in the Groundhog Coalfield in north-western British Columbia, Canada, which is known to contain high grade anthracite deposits. Atrum has conducted significant exploration and drilling in the area over the past several years and the Company continues to explore joint venture opportunities with other potential partners to further the exploration and development of the remaining tenements at Groundhog.

Atrum Coal Ltd ACN 153 876 861 – Unit 1B, 205-207 Johnston Street, Fitzroy, VIC 3065 **T** +61 (0) 3 9191 0135 **E** info@atrumcoal.com
www.atrumcoal.com

For personal use only

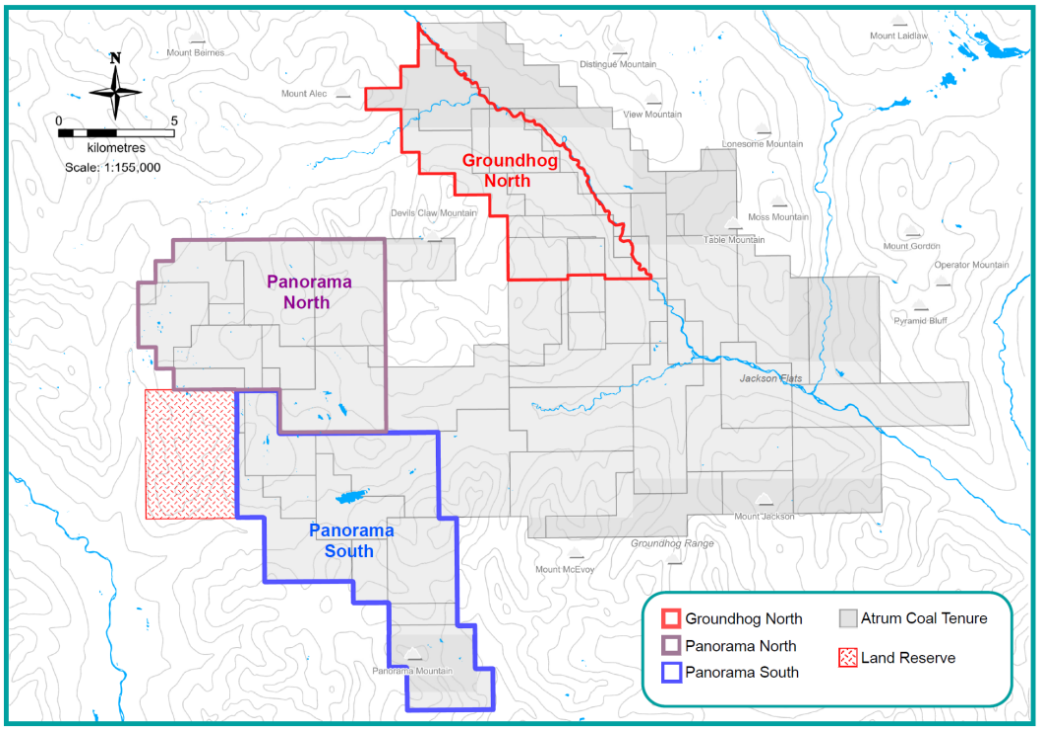

Figure 3. Groundhog and Panorama Coal Tenements

Export Sales Joint Venture with Atlantic Carbon Group PLC

During the quarter, Atrum received US$168K from Atlantic Carbon Group PLC as part payment with respect to the export sales joint venture the companies operate. The balance outstanding of US$448,510 is expected to be received in monthly instalments over the next 8 months.

CORPORATE

Presentation at Carbon Forum

Atrum Managing Director, Max Wang, gave a presentation on the Company and its key projects to the Carbon Forum, which was held in November 2018 in Vienna, Austria. During the conference, Mr Wang and Non Executive Director, George Edwards, also held discussions with a range of industry parties that had expressed interest in the Company's assets and/or future project offtake potential.

Tenements

The Company relinquished some non-core licences from Panorama West and the south side of Groundhog. An updated list of tenements held by the company as of 31 December 2018 is given in Appendix 3.

Settlement of outstanding debts

During the quarter, the Company issued a total of 1,440,000 shares to former directors of Kuro Coal Ltd, in lieu of A$144,000 of fees due to them.

For further information, contact:

Max Wang
Managing Director/CEO
M +1 403 973 3137
mwang@atrumcoal.com

Justyn Stedwell
Company Secretary
P +61 3 9191 0135
jstedwell@atrumcoal.com

Michael Vaughan
IR Advisor, Fivemark Partners
P +61 422 602 720

For personal use only

For personal use only

Appendix 1: BRIEF MARKET UPDATE

The fourth quarter of calendar 2018 saw continued strength in both coking coal and anthracite markets, as indicated in Figures 5 and 6. Most commentators expect the market to remain relatively strong in the foreseeable future.

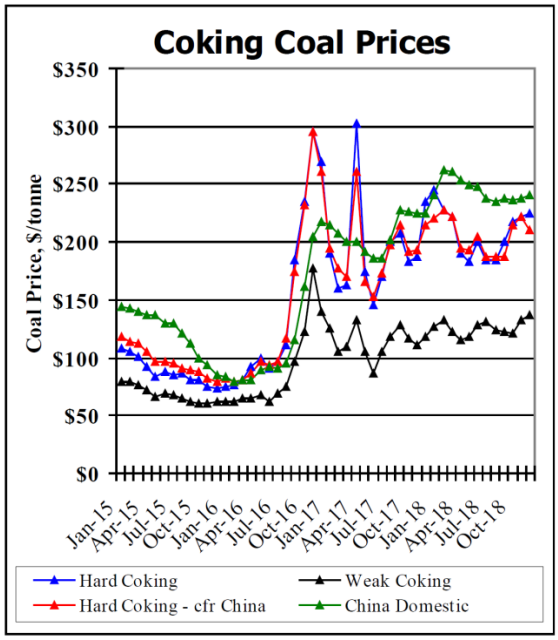

Figure 4: Coking Coal Price Chart (from Resource-Net)

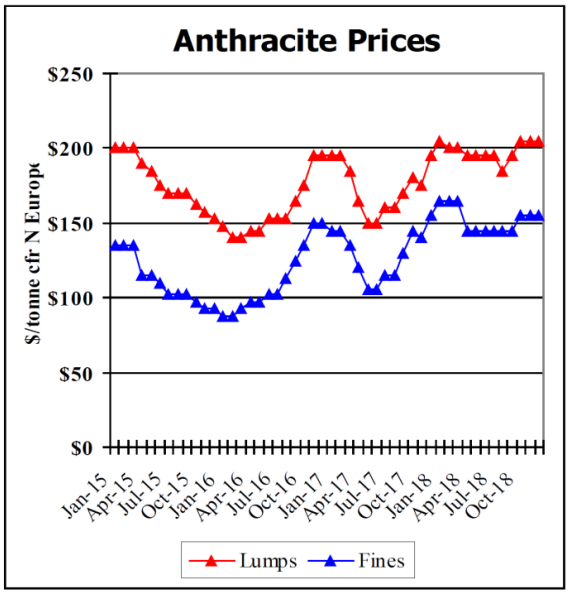

Figure 5: Anthracite Price Chart (from Resource-Net)

For personal use only

Appendix 2: TOP 20 SHAREHOLDERS

ATRUM COAL LIMITED

Top 20 Listing – 29 January 2019

Rank		Holder name	Designation	Current 29/01/2019 Securities	%	Previous Top * As at: 31/12/18 * Securities	%	Rank at 31/12/18
1	*	LENARK PL	LENARK INV A/C	42,701,384	11.83%	42,701,384	11.83%	1
2		NERO RESOURCE FUND PL	NERO RESOURCE FUND	14,658,085	4.06%	13,658,085	3.79%	2
3	*	STEPHENS B O + E J	STEPHENS GRP S/F A	12,000,000	3.33%	12,000,000	3.33%	3
4		WUSATY EUGENE		10,376,888	2.88%	10,376,888	2.88%	4
5	*	JONES RODNEY M + C R	HOPERIDGE ENT PL S	9,749,240	2.70%	9,749,240	2.70%	5
6		CARJAY INV PL		8,862,946	2.46%	8,862,946	2.46%	6
7	*	HSBC CUSTODY NOM AUST LTD		8,400,942	2.33%	8,496,199	2.35%	7
8	*	MONEX BOOM SEC HK LTD	CLIENTS ACCOUNT	5,658,256	1.57%	5,658,256	1.57%	8
9	*	YARANDI INV PL	GRIFFITH FAM NO 2	5,438,989	1.51%	5,438,989	1.51%	9
10		MARFORD GRP PL		4,940,000	1.37%	4,940,000	1.37%	10
11		ABROLHOS EDGE PL	ABROLHOS EDGE SUPE	4,750,000	1.32%	4,750,000	1.32%	11
12	*	BOOTH WILLIAM		4,379,408	1.21%	4,379,408	1.21%	12
13		ENGLER ROBERT		4,351,598	1.21%	4,351,598	1.21%	13
14	*	WALLIS-MANCE PL	WALLIS-MANCE FAM A	4,125,000	1.14%	4,125,000	1.14%	14
15	*	NIREB NOM PL	NIREB A/C	4,000,000	1.11%	4,000,000	1.11%	16
16	*	ASHABIA PL	ASHABIA S/F A/C	3,775,000	1.05%	3,725,000	1.03%	18
17	*	TOPSFIELD PL		3,762,606	1.04%	3,762,606	1.04%	17
18	*	CITICORP NOM PL		3,739,116	1.04%	3,577,166	0.99%	19
19		BERNATOVIC MARIO DAMIR		3,660,651	1.01%	4,061,000	1.13%	15
20		HURST DOUGLAS CULMER		3,500,000	0.97%	3,500,000	0.97%	20
			TOP 20 TOTAL	**162,830,109**	**45.14%**	**162,113,765**	**44.94%**	

* Denotes merged holders.

Note: All holders are included in the report.

For personal use only

Appendix 3: TENEMENTS LIST

Tenure Number	Owner	Business Unit	Tenure 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
417090	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	568
417098	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,204
417088	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	777
417089	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	142
417094	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	71
417095	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	425
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	1,031
417096	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	71
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	1,059
417291	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	73
417293	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	426
417294	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	284
417295	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	851
417300	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	355
417301	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	851
417522	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	71
417523	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	354
417520	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	212
417521	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	142
417528	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	142
418446	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,205
418443	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,416
418444	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,416
418445	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,417
418587	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,411
418588	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,412
418589	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,273
418590	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,415

Atrum Coal Ltd ACN 153 876 861 – Unit 1B, 205-207 Johnston Street, Fitzroy, VIC 3065 **T** +61 (0) 3 9191 0135 **E** info@atrumcoal.com
www.atrumcoal.com

For personal use only

Tenure Number	Owner	Business Unit	Tenure Type	Area (Ha)
418941	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,418
418942	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,417
418951	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,418
418952	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,417
418955	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,265
418944	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,416
418926	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,280
418932	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,421
418950	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,418
418962	Atrum Coal Groundhog Inc.	Groundhog	Coal Licence	1,136
419192	Atrum Coal Groundhog Inc.	Groundhog	Coal Application	600
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	1,346
418957	Atrum Coal Panorama Inc.	Panorama North	Coal Licence	1,415
418958	Atrum Coal Panorama Inc.	Panorama North	Coal Licence	1,345
418961	Atrum Coal Panorama Inc.	Panorama North	Coal Licence	71
418103	Atrum Coal Peace River Inc.	Bowron River	Coal Lease Application	1,050
419157	Atrum Coal Peace River Inc.	Bowron River	Coal Lease Application	1,350
419159	Atrum Coal Peace River Inc.	Bowron River	Coal Lease Application	1,350
120019501	Elan Coal Ltd.	Elan	Coal Lease Application	1,536
120019502	Elan Coal Ltd.	Elan	Coal Lease Application	1,616
120019503	Elan Coal Ltd.	Elan	Coal Lease Application	1,724
120019504	Elan Coal Ltd.	Elan	Coal Lease Application	1,662
120019505	Elan Coal Ltd.	Elan	Coal Lease Application	1,536
120019506	Elan Coal Ltd.	Elan	Coal Lease Application	768
120019507	Elan Coal Ltd.	Elan	Coal Lease Application	1,629
120071201	Elan Coal Ltd.	Elan	Coal Lease Application	1,936
120071202	Elan Coal Ltd.	Elan	Coal Lease Application	64
120071203	Elan Coal Ltd.	Elan	Coal Lease Application	1,840
120071204	Elan Coal Ltd.	Elan	Coal Lease Application	1,645
120071205	Elan Coal Ltd.	Elan	Coal Lease Application	1,582
120071206	Elan Coal Ltd.	Elan	Coal Lease Application	112
120071207	Elan Coal Ltd.	Elan	Coal Lease Application	960

Tenure Number	Owner	Business Unit	Tenure Type	Area (Ha)
120071208	Elan Coal Ltd.	Elan	Coal Lease Application	1,687
120286501	Elan Coal Ltd.	Elan	Coal Lease Application	16
120286502	Elan Coal Ltd.	Elan	Coal Lease Application	16
120286503	Elan Coal Ltd.	Elan	Coal Lease Application	64
120286504	Elan Coal Ltd.	Elan	Coal Lease Application	208
120286505	Elan Coal Ltd.	Elan	Coal Lease Application	48
120286506	Elan Coal Ltd.	Elan	Coal Lease Application	114
120286507	Elan Coal Ltd.	Elan	Coal Lease Application	144
120286508	Elan Coal Ltd.	Elan	Coal Lease Application	853
130011401	Elan Coal Ltd.	Elan	Coal Lease Application	256
130011402	Elan Coal Ltd.	Elan	Coal Lease Application	128
130011403	Elan Coal Ltd.	Elan	Coal Lease Application	97
130011404	Elan Coal Ltd.	Elan	Coal Lease Application	128
Total				**72,888**

For personal use only