

Interim Financial Report
Six months ended 30 June 2021



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DIRECTORS' REPORT

The Directors of Atrum Coal Limited (the "Company") are pleased to present their report together with the consolidated interim financial statements of the consolidated entity ("Atrum" or the "Group"), being the Company and the entities it controlled for the six months ended 30 June 2021, and the auditor's review report thereon.

DIRECTORS

The following were Directors of the Company in office during the half year and up to the date of this report:

DIRECTORS

Charles Blixt (Non-Executive Chairman) (resigned on 26 March 2021)
Glen Koropchuk (appointed on 15 October 2020 and Non-Executive Chairman on 26 March 2021)
Richard Barker (appointed 4 February 2019)
Andrew Caruso (appointed CEO on 12 May 2020 and Managing Director on 12 August 2020)
George Edwards (resigned on 26 March 2021)
Charles Fear (appointed 17 August 2017 and resigned on 27 July 2021)
William (Bill) Fleming (appointed on 24 February 2020)
Jeff Gerard (appointed on 26 March 2021)
Anita Perry (appointed on 26 March 2021)

PRINCIPAL ACTIVITIES

The principal continuing activities of the Group are the exploration and development of hard coking coal in Alberta and anthracite in British Columbia, Canada.

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

FINANCIAL REVIEW

During the period to 30 June 2021,

- (i) 600,000 class 34P performance rights were exercised by two directors;
- (ii) 682,309 listed options, at a strike price of \$0.20 were exercised for a total amount of \$136,462.

FINANCIAL RESULTS

The Group recorded a net loss after tax for the six months to 30 June 2021 of \$5,327,735 (2020: \$8,264,799). Losses are a typical feature of an exploration company such as Atrum at the pre-production stage, as expenditures are made towards exploration and development of mining assets.

Please see note 8 for details of the share-based payment.

FINANCIAL POSITION

At 30 June 2021, the Group had cash reserves of \$2,304,168 (31 December 2020: \$8,078,020).

The net assets of the Group decreased by \$4,743,060 during the six months from \$15,922,508 to \$11,179,448. This decrease was principally a result of expenses incurred to advance the Elan Project.

FINANCING AND INVESTING ACTIVITIES

During the six months ended 30 June 2021, the Company issued a total of 682,309 shares with respect to the exercise of listed options at \$0.20 per share for a total of \$136,462.

REVIEW OF OPERATIONS

The Directors provide the following comments on the operations of the Group for the six months ended 30 June 2021.

HEALTH, SAFETY AND ENVIRONMENT

The Company is pleased to advise that there were no significant health, safety or environmental incidents reported during the half year.

ELAN PROJECT – Crowsnest Pass, Alberta, Canada

Alberta Government repeals 1976 Coal Policy

On 8 February 2021, the Government of Alberta reinstated the 1976 Coal policy it repealed in 2020 and announced that a consultation process will be completed to inform the formulation of a new coal policy. Applications for new Coal Exploration Licences have been frozen whilst this process is undertaken.

The Company has paused all major site-based activities, including any planned drilling in 2021, with the exception of baseline environmental study work that is required to ensure the continuity and integrity of work done in previous years. This decision has allowed the Company to direct maximum focus and effort towards the government's consultation process including engagement with key First Nations and community stakeholders.

Since then, the Company has continued constructive outreach and consultation activities with First Nations, broader community leadership and key local stakeholders, which it has already undertaken over the past years. In addition, the Company has actively been participating in the Independent Coal Policy Committee (CPC) consultation process, whose objective is to develop a modern coal development policy for Alberta which balances environment protection with responsible development. (refer ASX Announcement "Alberta External Affairs Update" dated 22 July 2021).

GROUNDHOG ANTHRACITE PROJECT – British Columbia, Canada

During the period ended 30 June 2021, Atrum received a total of \$435,216 from JOGMEC further to its agreement with the Company with respect to the Groundhog project. The agreement provides that JOGMEC will earn in 10% of the Groundhog project after spending \$1M on the project within three years. JOGMEC has the option not to proceed with the earn-in after spending a first \$300K on the project. During the option period, JOGMEC will refund the Company for all lease rentals with respect to the tenements of the Groundhog Project.

As a result of COVID-19 impacts, the Government of British Columbia, Canada, has extended the validity of all tenements to 31 December 2021.

CORPORATE

Directors

During the six months ended 30 June 2021, Messrs Charles Blixt and George Edwards resigned from the board of Directors. Mrs Anita Perry and Mr. Jeff Gerard were appointed directors on 26 March 2021. Mr. Glen Koropchuk was appointed Chairman on 26 March 2021.

Subsequent to 30 June 2021, Mr Charles Fear resigned from the board and did not offer himself for re-election at the Annual General Meeting.

Mineral Exploration Tax Credit

Atrum received \$403,569 as Mineral Exploration Tax Credit (METC) from the Government of British Columbia with respect to work carried out on the Groundhog project a few years ago.

AGM

Atrum held its 2021 Annual General Meeting (AGM) on 27 July 2021. Given COVID-19 related travel restrictions and gathering size uncertainties, the AGM was held on-line via webcast.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the half year other than disclosed in this Interim Financial Report.

COVID-19

The restrictions imposed on activities due to COVID-19 did not have a significant impact on the exploration programme. The Group was successful in its capital raise of \$22M amidst the restrictions in two tranches in June and July 2020. The exploration program went as planned, although several measures had to be implemented to respect social distancing.

Given the foregoing, the Company deemed that no impairment of its assets is necessary and the basis of estimates and key assumptions used in the audited financial statement for the year ended 31 December 2020 were still applicable.

MATTERS SUBSEQUENT TO REPORTING PERIOD

Other than as noted below, no matters or circumstances have arisen since 30 June 2021 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

- a. The Group closed an accelerated non-renounceable entitlement issue of 2 new shares for every 11 held at a price of \$0.03 per new share with the issuance of:
 - (i) 28,120,744 shares for gross proceeds of \$843,622, representing the institutional component of the entitlement issue;
 - (ii) 63,159,515 shares pursuant to the Retail Entitlement Offer, for gross proceeds of \$1,894,785.
 - (iii) The bookbuild for the shortfall of 14,526,424 shares for gross proceeds of \$435,793 has been completed and will settle on 10 September 2021.
 - (iv) An underwriting fee of 6% of the total proceeds will be paid to Argonaut Capital Limited.
- b. Mr. Charles Fear resigned from the board and did not offer himself for re-election at the Annual General Meeting.
- c. The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 11 and forms part of this Directors' Report for the six months ended 30 June 2021.

This report is made in accordance with a resolution of the Board of Directors.



Andrew Caruso
Managing Director

10 September 2021

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ATRUM COAL LIMITED

As lead auditor for the review of Atrum Coal Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Atrum Coal Limited and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 10 September 2021

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months to	
	Note	30 June 2021	30 June 2020
		\$	\$
Revenue			
Interest income		3,813	5,713
Contributions from JOGMEC		435,216	-
Mineral Exploration Tax credit		403,569	-
		<u>842,598</u>	<u>5,713</u>
Expenses			
Administration		(45,515)	(46,624)
Compliance and regulatory		(246,402)	(173,275)
Consulting		(24,629)	(188,166)
Director fees		(206,818)	(150,254)
Staffing costs		(169,350)	(260,908)
Exploration expenditure	6	(5,415,546)	(6,207,033)
Foreign exchange gain/(loss)		36,499	(6,427)
Occupancy		(16,704)	2,144
Public relations and marketing		(86,836)	(54,910)
Share-based payments	8	77,715	(1,101,330)
Travel		(72,547)	(83,729)
		<u>(5,327,735)</u>	<u>(8,264,799)</u>
Loss before income tax expense		(5,327,735)	(8,264,799)
Income tax expense		-	-
		<u>(5,327,735)</u>	<u>(8,264,799)</u>
Net loss after income tax expense		(5,327,735)	(8,264,799)
Other comprehensive income (loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of foreign operations		500,865	(94,249)
		<u>500,865</u>	<u>(94,249)</u>
Other comprehensive income for the period, net of tax		500,865	(94,249)
Total comprehensive loss for the period attributable to owners of the Company		(4,826,870)	(8,359,048)
Loss per share		Cents	Cents
Basic and diluted loss per share	3	(0.92)	(1.64)

The above consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes'

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Consolidated	
		30 June 2021	31 December 2020
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		2,304,168	8,078,020
Trade and other receivables	4	198,782	795,470
Total Current Assets		2,502,950	8,873,490
Non-Current Assets			
Reclamation deposits	5	167,227	158,147
Exploration and evaluation expenditure	6	9,128,746	8,657,716
Total Non-Current Assets		9,295,973	8,815,863
TOTAL ASSETS		11,798,923	17,689,353
LIABILITIES			
Current Liabilities			
Trade and other payables	7	647,737	1,766,845
Total Current Liabilities		647,737	1,766,845
TOTAL LIABILITIES		647,737	1,766,845
NET ASSETS		11,151,186	15,922,508
EQUITY			
Issued capital	8	125,988,748	125,855,686
Reserves		12,328,929	11,905,578
Accumulated losses		(127,166,491)	(121,838,756)
TOTAL EQUITY		11,151,186	15,922,508

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

30 June 2021 Consolidated	Issued Capital \$	Subscriptions Received \$	Share- Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 January 2021	125,852,286	3,400	11,455,511	450,067	(121,838,756)	15,922,508
Other Comprehensive Income						
Share-based payments/Options	-	-	(77,515)	-	-	(77,515)
Movement in reserve	-	-	-	500,865	-	500,865
Loss for the period	-	-	-	-	(5,327,735)	(5,327,735)
Total comprehensive loss for the period	-	-	(77,515)	500,865	(5,327,735)	(4,904,385)
Transactions with equity holders:						
Securities issued during the period	136,462	(3,400)	-	-	-	133,062
Total contribution by equity holders	136,462	(3,400)	-	-	-	133,062
Balance as at 30 June 2021	125,988,748	-	11,377,996	950,933	(127,166,491)	11,151,186

30 June 2020 Consolidated	Issued Capital \$	Subscriptions Received \$	Share- Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 January 2020	103,906,611	-	8,318,338	921,515	(96,069,396)	17,077,068
Other Comprehensive Income						
Share-based payments/Options	-	-	1,101,330	-	-	1,101,330
Movement in reserve	-	-	-	(94,249)	-	(94,249)
Loss for the period	-	-	-	-	(8,264,799)	(8,264,799)
Total comprehensive loss for the period	-	-	1,101,330	(94,249)	(8,264,799)	(7,257,718)
Transactions with equity holders:						
Securities issued during the period	15,504,288	-	-	-	-	15,504,288
Capital raising costs	(767,728)	-	-	-	-	(767,728)
Subscriptions received	-	227,000	-	-	-	227,000
Total contribution by equity holders	14,736,560	227,000	-	-	-	14,963,560
Balance as at 30 June 2020	118,643,171	227,000	9,419,668	827,266	(104,334,195)	24,782,910

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	30 June 2021	30 June 2020
	\$	\$
Cash flows from operating activities		
Receipts from JV Partner	436,221	123,274
Receipt of Mineral Exploration Tax Credit	403,864	-
GST refund	668,119	-
Payments to suppliers and employees	(2,270,899)	(4,053,233)
Interest received	3,813	5,713
Exploration expenditure (net amount)	(5,168,788)	(3,319,165)
Net cash used in operating activities	(5,927,670)	(7,243,411)
Cash flows from investing activities		
Acquisition of mining interest (see note 6)	-	(115,520)
Net cash used in investing activities	-	(115,520)
Cash flows from financing activities		
Proceeds from issue of shares	133,062	15,504,288
Payment of capital raising costs	-	(767,728)
Subscriptions received with respect to second tranche	-	227,000
Net cash provided by/(used in) financing activities	133,062	14,963,560
Net increase/(decrease) in cash and cash equivalents	(5,794,608)	7,604,629
Cash and cash equivalents at beginning of the period	8,078,020	10,122,166
Effect of foreign currency translation on cash held	20,755	(90,691)
Cash and cash equivalents at end of the period	2,304,167	17,636,104

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

1. REPORTING ENTITY

Atrum Coal Limited (the “Company”), is a listed for-profit public company, incorporated and domiciled in Australia.

The consolidated interim financial report of the Company for the six months ended 30 June 2021 comprises the Company and its controlled entities (together referred to as the “Group”).

A copy of the consolidated audited financial report of the Group as at and for the year ended 31 December 2020 is available upon request from the Company’s registered office at Suite 103, Level 1, 2 Queen Street, Melbourne, VIC 3000 or at www.atrumcoal.com.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting, and the Corporations Act 2001.

The consolidated interim financial report does not include full disclosures of the type normally included in the annual financial report. Accordingly, it is recommended that this report be read in conjunction with the audited financial report of the Company for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Directors on 10 September 2021

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group recorded a net loss after tax for the six months to 30 June 2021 of \$5,327,735 (2020: \$8,264,799) and net cash outflows from operating activities of \$5,794,608 (2020: \$7,604,629). The Group has cash reserves of \$2,304,168 (31 December 2020: \$8,078,020).

The impact of the coronavirus (COVID-19) pandemic is still ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown at this stage. The full impact of COVID-19 outbreak continues to evolve as at the date of this report. As such, the Group is unable to estimate the effects of the COVID-19 outbreak on the Group’s financial position, liquidity and operations in the forthcoming twelve months.

The Group has prepared a budget taking into consideration the plans for the Group as detailed below. The Company has paused all major site-based activities, including any planned drilling in 2021, with the exception of baseline environmental study work that is required to ensure the continuity and integrity of work done in previous years. Atrum’s management are confident that the Group has the ability to raise further capital and, subsequent to the reporting date, will complete an entitlement offer to allow continuation of stakeholder consultation work and activities designed to preserve the value of the Elan asset until the Government of Alberta provides guidance on a new coal policy.

Whilst the Group is expected to be cash-flow negative in the foreseeable future as a result of continued expenditures, the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its operational and development activities. These conditions indicate a material uncertainty that may cast a significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe the Group will continue as a going concern, after consideration of the following factors:

- the Group has recently been successful in raising equity and as required, will be able to raise further funds; and
- the level of expenditure can be managed.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

2. BASIS OF PREPARATION (Continued)

Use of Estimates and Judgements

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in preparing this consolidated interim financial report, including the key sources of estimation uncertainty, were consistent with those applied in the Group's audited financial report for the year ended 31 December 2020.

Changes in Accounting Policies and Accounting Standards

The accounting policies adopted in this report are consistent with those applied by the Group in its consolidated audited financial report for the year ended 31 December 2020.

3. EARNINGS PER SHARE

	30 June 2020	30 June 2019
Basic loss per share (cents)	(0.92)	(1.64)
Loss used to calculate basic and diluted earnings per share (\$)	(5,327,735)	(8,264,799)
Weighted average number of ordinary shares used to calculate basic and diluted EPS	581,558,203	503,237,403

4. OTHER RECEIVABLES

	30 June 2021 \$	31 December 2020 \$
GST receivable and deposits	194,603	737,244
Deposits and payments in advance	4,179	58,226
	198,782	795,470

Terms and conditions relating to the above financial instruments:

- Other receivables are non-interest bearing and are generally repayable within 30 days.
- No receivables are past due or impaired.

5. RECLAMATION BONDS

	30 June 2021 \$	31 December 2020 \$
Balance at start of period	158,147	170,628
Exchange difference	9,080	(12,481)
Balance at end of period	167,227	158,147

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

6. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2021	31 December 2020
	\$	\$
Groundhog Project	950,031	901,010
Panorama Project	2,328,903	2,208,736
Elan Project	5,849,811	5,547,970
	9,128,745	8,657,716
Reconciliation		
Balance at start of period	8,657,716	9,146,410
Advanced royalty payment	-	101,721
Foreign exchange translation differences	471,030	(590,415)
Balance at end of period	9,128,746	8,657,716

The Group policy in relation to exploration and evaluation expenditure is to capitalise activities relating to capital acquisitions and development assets and to expense ongoing exploration costs. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

During the six months ended 30 June 2021, the Group incurred total exploration costs of \$5,415,546 (six months to 30 June 2020: \$6,207,033) of which an amount of \$5,313,059 (six months to 30 June 2020: \$6,022,860) was incurred on its flagship Elan project, bringing the cumulative amount spent on the project at 30 June 2021 to \$42,970,428 (31 December 2020: \$37,657,369).

1976 COAL POLICY – PROVINCE OF ALBERTA (Elan project)

During the year ended 31 December 2020, the Government of Alberta repealed the 1976 Coal Policy. It then reinstated it in February 2021 as well as froze applications for new exploration permits until a consultation process is completed to inform the development of a new, modern coal policy. The Company has actively been participating in the Independent Coal Policy Committee (CPC) consultation process, whose objective is to develop a modern coal development policy for Alberta which balances environment protection with responsible development (refer ASX Announcement "Alberta External Affairs Update" dated 22 July 2021).

At this time, it is not possible to quantify the impact of a new coal policy on the carrying value of the Elan Project.

The Company has continued constructive outreach and consultation activities with First Nations, broader community leadership and key local stakeholders throughout the reporting period.

At 30 June 2021 the Group continues to carry the acquisition costs of the Elan Project under accounting standard AASB 6 on the basis:

- the Group has rights to explore the specific area of interest and is able to continue any activities on the Elan Project already approved under its 2019 and 2020 Coal Exploration Permits (CEPs);
- the Group has incurred substantive exploration costs to date and has plans to resume exploration and evaluation activities;
- the results from the recent drilling results are promising;
- the capitalised exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

7. TRADE AND OTHER PAYABLES

	30 June 2021	31 December 2020
	\$	\$
Trade payables	487,750	1,675,012
Other accruals	159,987	91,833
	647,737	1,766,845

Terms and conditions relating to the above financial instruments:

- All amounts are expected to be settled.
- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Due to the short-term nature of trade payable and accruals, their carrying value is assumed to approximate their fair value.

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

8. ISSUED CAPITAL

(a) Issued and paid up share capital

	30 June 2021		31 December 2020	
	Number	\$	Number	\$
Issued Capital				
Ordinary shares – fully paid	581,931,653	125,988,748	580,649,344	125,852,286
Deposit on shares	-	-	-	3,400
Total	581,931,653	125,988,748	580,649,344	125,855,686

(b) Movements in share capital:

	Number	\$
Ordinary shares – fully paid		
Balance at 1 January 2021	580,649,344	125,852,286
From deposit – Exercise of listed options ¹	17,000	3,400
Exercise of listed options ¹	665,309	133,062
Performance shares to directors ²	600,000	-
Balance at 30 June 2021	581,931,653	125,988,748

During the six months ended 30 June 2021, the Company:

1. Issued 682,309 shares pursuant to an exercise of listed options at \$0.20 for \$136,462 of which \$3,400 was received in the previous year.
2. issued 600,000 shares with respect to the exercise of performance shares (Class 34P)

(b) Movements in share capital (continued):

	Number	\$
Ordinary shares – fully paid		
Balance at 1 January 2020	477,368,492	103,906,611
Private placement ¹	95,652,173	22,000,000
Exercise of listed options ²	4,671,279	934,256
Exercise of unlisted options	100,000	10,000
Shares issued as a compensation to royalty holders ³	500,000	120,000
Exercise of performance rights ⁴	2,357,400	-
Proceeds received from exercise of options ²	-	3,400
Capital raising costs	-	(1,118,580)
Balance at 31 December 2020	580,649,344	125,855,687

During the year ended 31 December 2020, the Company:

1. completed a placement of \$22,000,000 in two tranches, for a total of 95,652,173 shares at a price of \$0.23 each;
2. received proceeds of \$937,636 pursuant to the exercise of 4,671,279 listed options at a price of \$0.20 each and \$3,400 for shares that were issued subsequent to the balance sheet date;
3. issued 500,000 shares to a royalty holder as compensation for work not carried out on one of the properties of the Groundhog project; and
4. issued 3,357,400 shares to directors and employees following the reaching of the hurdle with respect to Class 34 Performance rights (see below).

Capital raising costs of \$1,118,580 in total were incurred with respect to the placement, of which \$1,100,000 was paid to Argonaut Capital Ltd., a company related to Mr. Fear, who was then a director of the Company.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

8. ISSUED CAPITAL (continued)

(c) Movements in unlisted performance rights:

	30 June 2021 Number	31 December 2020 Number
Balance at the start of period	11,069,600	12,150,000
Granted	-	7,777,000
Vested	(600,000)	(2,357,400)
Expired/Cancelled	(2,605,400)	(6,500,000)
Balance at close of period	7,864,200	11,069,600

During the six months ended 30 June 2021, 600,000 performance rights of 34P Class were exercised and 2,605,400 Performance Rights have been cancelled following resignation of staff and directors.

Class	Balance at start of period	# Granted during the period	Vested and Exercised	Cancelled/ Forfeited	Balance at end of period	*Value Vested during the period (\$)
34	601,800	-	(600,000)	(1,800)	-	-
35	2,972,600	-	-	(784,600)	2,188,000	(11,211)
36	2,972,600	-	-	(784,600)	2,188,000	(8,182)
37	3,552,600	-	-	(1,034,600)	2,488,000	(16,523)
38	1,000,000	-	-	-	1,000,000	11,158
	11,069,400	-	(600,000)	(2,605,400)	11,950,000	(24,758)

(c) Movements in unlisted options

	30 June 2021		31 December 2020	
	Number	Price*	Number	Price*
Balance at the start of period	24,845,000	\$ 0.41	24,630,000	\$ 0.39
Granted to directors and employees under ESOP	-	-	11,165,000	\$ 0.40
Exercised	-	-	(100,000)	\$0.10
Cancelled/Expired ¹	(5,667,000)	\$ 0.40	(10,850,000)	\$ 0.38
Balance at close of period	19,178,000	\$ 0.41	24,845,000	\$ 0.41

* Weighted average prices

¹ During the six months ended 30 June 2021, 5,667,000 options with an average exercise price of \$0.40 were cancelled pursuant to the resignation of staff and directors.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

8. ISSUED CAPITAL (continued)

(d) Movements in unlisted options (continued)

Outstanding unlisted options at 30 June 2021 are as follows:

Expiry Date	Exercise Price*	Number of Options Outstanding	Number of Exercisable Options	Average Remaining Life (Years)
June 30, 2021	\$ 0.30	2,125,000	2,125,000	-
June 30, 2021	\$ 0.40	4,800,000	4,800,000	-
5 August 2021	\$ 0.10	930,000	930,000	0.10
20 February 2022	\$ 0.10	100,000	100,000	0.64
23 April 2022	\$ 0.22	100,000	100,000	0.81
30 June 2022	\$ 0.40	1,000,000	1,000,000	1.0
30 June 2022	\$ 0.45	5,600,000	5,600,000	1.0
30 June 2023	\$0.50	1,000,000	1,000,000	2.0
30 June 2024	\$0.60	1,000,000	1,000,000	3.0
30 June 2025	\$0.70	1,000,000	1,000,000	4.0
21 August 2025	\$0.30	1,523,000	-	4.15
	\$0.39	24,845,000	23,322,000	1.16

Subsequent to 30 June 2021, a total of 7,855,000 options exercisable at prices of \$0.30 and \$0.40 by 30 June 2021 and 930,000 options exercisable at a price of \$0.10 by 5 August 2021 expired unexercised.

9. SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the location of activity. For management purposes, the Group has organised its operations into two reportable segments on the basis of stage of development as follows:

- Exploration - mineral exploration and development in Canada
- All other segments – primarily involving corporate management and administration in Australia and Canada.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

Period ended 30 June 2021	Exploration \$	All Other Segments \$	Consolidated \$
Segment loss	(4,875,846)	(451,889)	(5,327,735)
Segment assets	10,489,305	1,309,618	11,798,923
Segment liabilities	(343,339)	(304,398)	(647,737)
Other segment information included in segment loss:			
Interest revenue	-	3,813	3,813
Finance costs	-	-	-
Impairment expense	-	-	-
Segment loss	(4,875,846)	(451,889)	(5,327,735)

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

9. SEGMENT REPORTING (Continued)

Period ended 30 June 2020	Exploration \$	All Other Segments \$	Consolidated \$
Segment loss	(6,375,677)	(1,889,122)	(8,264,799)
Segment assets	15,369,812	12,750,556	28,120,368
Segment liabilities	(3,033,451)	(304,007)	(3,337,458)
Other segment information included in segment loss			
Interest revenue	-	5,713	5,713
Finance costs	-	-	-
Impairment expense	-	-	-
Segment loss	(6,375,677)	(1,889,122)	(8,264,799)

As at 30 June 2021 and 2020, the Group had no development assets.

10. CONTINGENCIES AND COMMITMENTS

There are no changes in contingent liabilities that occurred during the six months ended 30 June 2021.

11. RELATED PARTY TRANSACTIONS

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

Other than that, there was no additional related party transactions.

12. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the six months ended 30 June 2021.

13. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than as noted below, no matters or circumstances have arisen since 30 June 2021 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group:

- a. The Group closed an accelerated non-renounceable entitlement issue of 2 new shares for every 11 held at a price of \$0.03 per new share with the issuance of:
 - (i) 28,120,744 shares for gross proceeds of \$843,622, representing the institutional component of the entitlement issue;
 - (ii) 63,159,515 shares pursuant to the Retail Entitlement Offer, for gross proceeds of \$1,894,785;
 - (iii) The bookbuild for the shortfall of 14,526,424 shares for gross proceeds of \$435,793 has been completed and will settle on 10 September 2021;
 - (iv) An underwriting fee of 6% of the total proceeds will be paid to Argonaut Capital Limited.
- b. Mr. Charles Fear resigned from the board and did not offer himself for re-election at the Annual General Meeting.
- c. The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

DIRECTORS' DECLARATION

In the opinion of the Directors of Atrum Coal Limited (the "Company"):

- a) the financial statements and notes, as set out on pages 5 to 16, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date, and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:



Andrew Caruso
Managing Director

Calgary, Alberta Canada
Date: 10th September 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Atrium Coal Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Atrium Coal Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'J Prue' written in a cursive, flowing style.

Jarrad Prue
Director

Perth, 10 September 2021