Atrum Coal
COAL FOR STEEL

Annual Report
Year ended 31 December 2021

Dear Shareholders,

After a challenging, and in the main, disappointing year, it is still my honour to write to you our valued Shareholders on behalf of the Atrum team.

The past year has been one of care and maintenance for Atrum and its flagship Elan Hard Coking Coal Project. Despite the exploration and development moratorium imposed by the Government of Alberta in early 2021, Atrum achieved several engineering and stakeholder engagement milestones throughout the year.

In the fall of 2020, Elan initiated a Pre-Feasibility Study (**PFS**), which was technically complete in April 2021. In February 2021, the Government of Alberta re-instated the historical 1976 Coal Policy, and along with that reinstatement, paused any further regulatory applications on lands which host the Elan tenements. This decision to pause future applications did not align with the JORC requirement for a clear path to regulatory applications, resulting in Atrum's inability to release the PFS report to the market.

During 2021, Atrum took the opportunity to engage with the Coal Policy Committee (**CPC**) that was established to consult with Albertans on the future of the province's coal development policy. Our engagement with the CPC involved an initial presentation, a site visit to Isolation South and final submissions that outlined Atrum's thoughts on a balanced and responsible approach to metallurgical coal development.

Atrum also continues to emphasize the need for ethical sourcing of metallurgical coal which is critical for ongoing steel demand to meet world-wide societal needs and for the transition to a greener economy. This discussion is gaining some momentum in Canada in the context of 'critical minerals' especially with the ongoing supply chain issues, some of which have been exasperated by the tragic Russian invasion of Ukraine. Atrum is taking every opportunity to elevate the discussion in Alberta with key stakeholders.

To this end, Atrum designed and implemented a campaign in 2021 to provide fact-based information to interested parties. This campaign involved websites, social media and direct discussions with Alberta municipalities and other interested parties.

Recently in March of 2022, Alberta's Minister of Energy released the CPC's reports and accepts the principal recommendations, which included the extension of the exploration and development moratorium until direction on coal activity can be embedded into updated land use plans. Of note, the Government though has not provided any guidance as to the timing of a new Coal Policy.

The team has thus tightened the belt appropriately and curtailed all non-required regulatory, site and project development activities whilst we pursue further insights into timelines 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.

We still believe that these consultation and land-use planning processes are important and necessary in order to achieve greater development certainty while also balancing and resolving the views of Albertans with respect to responsible resource development with the focus now more than ever on ethical sourcing of strategically critical minerals such as metallurgical coal.

Stakeholders rightly expect that project proponents can demonstrate their comprehensive plans to protect the surrounding environment, generate meaningful socio-economic benefits for First Nations, local communities and Government alongside delivering returns for investors.

Atrum can still do exactly this if given the opportunity and thus engagement efforts continue with various stakeholders including First Nations, Indigenous business leaders, the local community, the general public and Government representatives.

All options though, are being investigated and pursued by the team to further the project goals in the best interests of Shareholders.

During the past year the project team and directors continued to work diligently despite the many uncertainties and challenges. The team has shrunk appreciably by necessity and I would like to express my gratitude to the remaining team members for continuing the mission as well as those that have departed, including CEO Andy Caruso. I would also like to offer my great appreciation to retired director Bill Fleming. His vast local coal project and operational experience will be missed as well as his steady guidance and sound challenging opinions.

Finally, I would like to thank you, our Shareholders, for your continued support. We will have more challenges going forward and we will require your guidance and support to help us navigate through the various options in order to best serve your interests and enable the best possible outcome. I look forward to updating you further on our progress at the Annual General Meeting.

Yours faithfully,

Glen Koropchuk
Executive Chairman

SUMMARY

The past year has been one of care and maintenance for Atrum and its flagship Elan Hard Coking Coal Project (**Elan** or **Elan Project**). In the 2021 Annual Report, the Company conveyed the significant progress made in better understanding the Elan resource through an extensive drilling program and coal test work program.

Despite the exploration and development moratorium imposed by the Government of Alberta in early 2021, Atrum achieved several engineering and stakeholder engagement milestones throughout the year.

In the fall of 2020, Elan initiated a Pre-Feasibility Study (**PFS**), which was technically complete in April 2021. In February 2021, the Government of Alberta re-instated the historical 1976 Coal Policy, and along with that reinstatement, paused any further regulatory applications on lands which host the Elan tenements. This decision to pause future applications did not align with the JORC requirement for a clear path to regulatory applications, resulting in Atrum's inability to release the PFS report to the market.

Further developments over the year included:

- Successful equity raising of A$3 million in September 2021 to existing shareholders. The funds raised enabled progression of the PFS for the Elan Project.
- Completion of Value Engineering to further define project parameters, and to reduce project capital and operating expenditures.
- Collection of baseline environment data to maintain the continuity of key datasets
- Engagement with Alberta's Coal Policy Committee including a presentation, a site visit to Isolation South, and final submissions in support of a balanced coal policy.
- Implemented a fact-based information campaign utilizing electronic, print and social media to address counter misinformation being spread by anti-coal activists.
- Maintained ongoing engagement with stakeholders including local Indigenous communities and municipalities across Alberta.

ELAN HARD COKING COAL PROJECT (100% ATRUM)

Background

In March 2018, Atrum acquired a 100% interest in the Elan Project, which is located in the Crowsnest Pass area of Alberta, Canada. It consists of several deposition areas which are known to contain shallow emplacements of high quality hard coking coal of the Mist Mountain Formation (Kootenay Group).

The Elan Project has a footprint comprising 27 coal exploration tenements spread over a 50km x 20km zone and totalling approximately 22,951 ha (229.5 square kilometres).

Figure 1: Location of the Elan Hard Coking Coal Project with proximate rail and port infrastructure

Approximately 30 km to the west of the Elan Project, Teck Resources Limited operates four large mines, also in the same Mist Mountain Formation, producing approximately 25 Mt per annum of Tier 1 hard coking coal for the global steel industry. The coal seams at Elan correspond to those horizons of the same Mist Mountain Formation found in Teck Resources' hard coking coal mines and have similar rank and coal quality ranges.

The southernmost area within the Elan Project is the Elan South area, which is approximately 13 km north of the townships of Coleman and Blairmore, where an existing rail line operated by Canadian Pacific Railway is located. This line provides direct rail access to export terminals in Vancouver and Prince Rupert. The Isolation South deposit is located approximately 20 km north of the Elan South deposit.

The Elan Project shares its southern border with the proposed Grassy Mountain Hard Coking Coal Project owned by Benga Mining Limited. In June 2021, the Joint Review Panel (**JRP**) consisting of the Impact Assessment Agency of Canda and the Alberta Energy Regulator, denied the application for the Grassy Mountain Project concluding it was not in the public interest based on the expected environmental impacts on water quality and fish. Subsequent appeals lodged by the proponent and two Alberta First Nations were also denied. The JRP report provided Atrum with valuable insights and clear direction on key project aspects that can be applied to the future permit application for the Elan project.

2021 Elan Project Activities

Isolation South

Commencing in the fall of 2020, Atrum initiated a PFS, which was planned for completion in April 2021. Additional technical field work was planned to support the environmental impact assessment process and subsequent regulatory applications.

On February 8, 2021, the Government of Alberta re-instated the 1976 Coal Policy that was previously rescinded in 2020. In addition to the re-instatement of the 1976 Coal Policy, the Government of Alberta further implemented additional restrictions on exploration activity upon lands hosting the Elan tenements. As a result, all field activity on the Elan Project was paused.

As Atrum was nearing the completion of the Elan PFS at the time of the re-instatement, management pursued completion of the PFS report, but without a clear path available for filing regulatory applications (created by the restrictions imposed by the Government of Alberta, the PFS Report could not be released as it would not be compliant with JORC requirements.

On March 4, 2022, the Government of Alberta released the recommendations from the Coal Policy Committee and further extended the moratorium on coal exploration and development upon lands hosting the Elan tenements.

The exploration program at Isolation South was largely completed in 2020 with a total of 174 rotary air blast (**RAB**) holes, 35 large diameter core (**LD**) holes, six HQ geotechnical and hydrogeological holes and five 2D seismic lines. The program resulted in a substantial upgrade to resource classification along with an expansion of the total Isolation South resource base, which was detailed in the 2021 Management Report.

Table 1: Exploration completed at Isolation South in 2019 and 2020

YEAR	RAB Holes	LD Cored Holes	HQ Hydrogeology / Geotechnical Holes	2D Seismic Lines
2020	125	35	6	5
2019	49	-	-	-
TOTAL	**174**	**35**	**6**	**5**

Elan South

As a result of the decision by the Government of Alberta to re-instate the 1976 Coal Policy, all field activity at Elan South was similarly paused and no new exploration activities were completed.

As with Isolation South, Atrum initiated a series of trade-off studies in the fall of 2020 that was followed by a PFS, which was planned for completion in April 2021. Again, without a clear path available for filing regulatory applications, the PFS Report could not be released.

Elan Project Pre-Feasibility Study and Value Engineering

Atrum initiated a PFS in October 2021 and was to be completed by end of April 2021. The PFS was based on the outcome of the previously completed trade-off studies for 10.8 Mtpa ROM mine with a secondary 12.0 Mtpa ROM case. Areas evaluated in the PFS included:

- Mining (sequencing, pit optimization, mining direction, and equipment sizing).
- Production scheduling.

- Waste storage facility design (capacity, benching, stability, and operational efficiency).
- Geochemical characterization of source rock.
- Reclamation (preliminary re-sloping and re-vegetation).
- Water Treatment planning using in-situ (passive) and mechanical (active) control systems.
- CHPP and on-site infrastructure (includes plant location analysis, process selection, and product handling)
- Product Transport including technology assessment (rail vs conveyor) and corridor assessment
- Train Load-Out (location, product stockpiles, reclaim system, rail loop and connection to the existing CP mainline
- Water sourcing and storage
- Power (load analysis, service parameters and corridor assessment)
- Capital and operating cost estimates for all of the above work streams.

Following the internal completion of the PFS, Atrum undertook modest “value engineering” studies to optimize key project components. These efforts were mostly focused on the general mining strategy, water management strategy, product transportation options, and the location of key infrastructure. Significant consideration was applied to waste rock sequencing and how that would integrate into a site-wide water management strategy. Product drying technologies were also evaluated to explore the opportunity of using Hyperbaric Filter drying over thermal drying.

The value engineering studies identified a new mining-strategy that further reduced capital and operating costs, while validating the water management and treatment approach required to achieve expected effluent regulations that are currently being finalized by the Government of Canada.

Key Outcomes

Atrum was nearing completion of a robust PFS in early 2021, when the Alberta government, in addition to re-instating the 1976 Coal Policy, went on to place a moratorium on regulatory applications on the lands where Atrum’s Elan Hard Coking Coal project is located. Atrum did not publish the PFS report or the associated Value Engineering outcomes given the regulatory uncertainty created by the Government of Alberta.

Elan Project Environmental Baseline Data Collection

Atrum has completed extensive environmental baseline data collection to support the development the project’s Environmental Impact Assessments. Baseline environmental studies continued through 2021 through previously established monitoring stations. This data set includes groundwater hydrogeology, surface water hydrology, geochemical characterization, fisheries and aquatic resource studies, air quality, and wildlife movement information collected acoustical recording units and motion-sensing cameras previously deployed throughout the project area.

When the Alberta Government re-instated the 1976 Coal Policy in February 2021, Atrum continued to collect environmental data via these already established monitoring stations. This decision was taken to maintain project timelines.

Coal Policy Committee

During 2021, Atrum took the opportunity to engage with the Coal Policy Committee (**CPC**) that was established to consult with Albertans on the future of the province’s coal development policy. Our engagement with the CPC involved an initial presentation, a site visit to Isolation South and final submissions that outlined Atrum’s thoughts on a balanced and responsible approach to metallurgical coal development.

Atrum also continues to emphasize the need for ethical sourcing of metallurgical coal which is critical for ongoing steel demand to meet societal needs and for the transition to a greener economy.

In March of 2022, Alberta’s Minister of Energy released the CPC’s reports and accepts the principal recommendations, which included the extension of the exploration and development moratorium until direction on coal activity can be embedded into updated land use plans.

Fact Based Information Campaign

Immediately following the re-instatement of the 1976 Coal Policy, Atrum designed and implemented a campaign to provide fact-based information to interested parties. This campaign involved websites, social media and direct discussions with Alberta municipalities and other interested parties.

Websites

Two websites were launched in the summer of 2021:

- Elan Project site: https://elancoalproject.ca
- Alberta Responsible Mining site: https://responsiblemining.ca

Billboard Advertising

A billboard campaign began shortly after the Responsible Mining website was launched to drive traffic to the site. The billboard is located on the TransCanada Highway west of Calgary, which sees heavy daily traffic between Calgary and Banff.

Fact Sheets

Fact sheets related to key concepts such as progressive reclamation, water use, water management, and selenium control were created for use with outreach activities. The fact sheets were made available on our information websites and social media pages.

Social Media

In November 2021, a social media campaign began on the following platforms:

- Twitter: @responsiblemng
- Facebook: Responsible Mining
- LinkedIn: ARMI – Alberta Responsible Mining Initiative
- Instagram: @responsibleminingab

The social media campaign includes posting information and key links twice each week, focusing on a specific topic of misinformation (e.g., water usage, selenium, reclamation, etc.) along with highlighting the importance of/and the everyday uses of steel (and therefore metallurgical coal). Instagram posts are promoted every 2-3 weeks with modest advertising to drive engagement and traffic to the Responsible Mining.

First Nation Interviews

Interviews were also held with First Nation leaders in partnership with the National Coalition of Chiefs that highlight the positive experiences First Nations have had in the mining industry. These interviews are posted to the Responsible Mining site and highlighted in social media posts.

Fact sheets and an invitation to meet were sent to in July and November of 2021 to municipal councils and elected officials. Approximately 16-18 meetings were scheduled from the outreach and Atrum management met with the council and officials, as well as with the Irrigation District.

Direct Outreach

Invitations to learn more about responsible mining were delivered to Alberta Municipalities, along with 'Frequently Asked Questions' summary. This outreach resulted in over 15 meetings that sought to address the concerns that these municipal councils had received from their respective residents.

Indigenous Engagement

The First Nations affected by the Elan project had historically shown support for the project. Specifically, Siksika Nation ("Siksika"), Kainai Nation/Blood Tribe ("Kainai"), Piikani Nation ("Piikani"), Tsuu'tina Nation ("Tsuu'tina"), and Stoney Nakoda Nation ("Stoney") each entered agreements with Atrum to conduct Traditional Land Use studies in the project area.

Following the reinstatement of the 1976 Coal Policy and the announced public consultation process, several of the affected First Nations withdrew their support for mining in southwestern Alberta.

During this time, Atrum continued to seek opportunities to engage First Nation communities that would be impacted by the Elan Project. This engagement focused on identifying and establishing participation opportunities for First Nations in the areas of long-term land stewardship and long-term water stewardship.

Elan Project HCC Resources

Total Elan Project resources remain at 486 Mt (7 Mt Measured, 228 Mt Indicated and 252 Mt Inferred).

Following the substantial classification reported in the 2021 Management Report, Measured and Indicated resources now comprise almost 50% of the total Elan Project resource base.

Table 2: Total Elan Project Resources (November 2020)

PROJECT	PROJECT AREA	MEASURED (Mt)	INDICATED (Mt)	MEASURED + INDICATED (Mt)	INFERRED (Mt)	TOTAL (Mt)	DATE REPORTED
ELAN NORTHERN TENEMENTS	ISOLATION SOUTH	7	168	175	88	262	25-Nov-20
	ISOLATION	-	-	-	51	51	22-Jan-19
	SAVANNA	-	-	-	30	30	22-Jan-19
ELAN SOUTH	SOUTH EAST CORNER	-	16	16	22	38	10-Feb-20
	FISH HOOK	-	15	15	11	26	10-Feb-20
	OIL PAD RIDGE	-	29	29	50	80	10-Feb-20
TOTAL		**7**	**228**	**235**	**252**	**486**	

The strong conversion of previously Inferred resources to Measured and Indicated classification demonstrated that the previously lesser explored northern areas at Isolation South are broadly consistent with the southern Indicated resource areas within the pit shell defined during the Scoping Study (April 2020).

Elan South

Total Elan South resources are 225 Mt (0 Mt Measured, 60 Mt Indicated and 83 Mt Inferred).

Isolation South

Total Isolation South resources are 262 Mt (7 Mt Measured, 168 Mt Indicated and 88 Mt Inferred).

Additional Northern Tenements

Resources in the additional northern tenements of Isolation and Savanna are 81 Mt (0 Mt Measured, 0 Mt Indicated and 81 Mt Inferred).

Elan Project Coal Quality

There has been no change to the previously reported coal quality as no additional testing was conducted this past year. Previously released key characteristics of Isolation South hard coking coal include:

- Medium to lower volatile coal seams as indicated by a mean maximum vitrinite reflectance (RoMax) range of 1.08 - 1.20% allowing multiple saleable product alternatives.
- Low to moderate product ash content (7.0 - 9.0%) that fits well with all coke makers while maximising plant yields.
- Low to moderate total sulphur (0.48 - 0.89%).
- Extremely low phosphorous content (0.006 - 0.027%).

- Very low deleterious elements (chlorine and mercury: 0.01 - 0.06% each).
- Typical WC Fluidity range commensurate with the rank range (70 to 1,350 ddpm).
- High reactive maceral content ranging from 63% to 81%.
- Excellent, highly acidic ash chemistry, hence very low basicity index (0.04 - 0.07) supporting high CSRs.
- Excellent seam/blend SHO (volume contraction/expansion) and wall pressure (0.4-0.5 psi).
- Favourable Coke Drum Indices (DI 150/15: 84-85%).
- CSR range of 69 – 74%.

These results are commensurate with the typical ranges observed at Atrum's Elan South deposit as well as Teck Resources' nearby Elk Valley production complex; the outcomes provide strong evidence of Tier 1 HCC quality at Isolation South.

PANORAMA / GROUNDHOG ANTHRACITE PROJECTS

Panorama North JV with JOGMEC (65% Atrum)

The Panorama North Project is located in north-west British Columbia, Canada. It consists of 12 coal licences and covers an area of approximately 74km^2. The Company has a Joint Exploration Agreement over Panorama North (**Panorama North JEA**) with Japan Oil, Gas and Metals National Corporation (**JOGMEC**).

During the period, no new activity was completed on the Panorama North Project.

Groundhog Project (100% Atrum)

Panorama North is adjacent to Atrum's 100%-owned Groundhog Project (Figure 6), which hosts a 1.02 Bt anthracite resource (156 Mt Measured, 453 Mt Indicated and 407 Mt Inferred).

During the period, the no new activity was completed on the Groundhog Project.

CORPORATE ACTIVITIES

Equity Raising

During the year, Atrum raised approximately A$3.0 million of new equity funds via the issue of 105,806,683 new fully paid ordinary shares in a two-tranche placement at an issue price of A$0.03 per share. The placement was supported by existing Atrum shareholders.

Key 2022 Activities

Atrum plans to continue to work intensively with all stakeholders over the course of this year to assist in the development of a balanced and fair coal policy that reflects modern and sustainable mining practices.

Atrum has halted all major site-based activities, with the exception of care and maintenance work to ensure the Elan Project site remains safe and accessible. This decision has been taken to preserve cash.

Baseline environmental data collection will be curtailed to the basic level required to ensure continuity of key data sets. Included is the collection of field recorder data and the completion geochemical characterization (humidity cell testing) that is a 12-month process scheduled to complete in August 2022. These decisions have also been taken to preserve cash.

Release of the Elan Project PFS has also been paused, pending the re-instatement of regulatory application process for coal, which has been suspended by the Alberta Government. This position will continue to be reviewed in the short term.

Cost reduction measures are being implemented to reflect the now significantly lower level of site activities expected in 2022.

Atrum remains of the strong belief that the world-class Elan Project has the clear potential to support a Tier 1 hard coking coal operation developed and operated to the highest of environmental and social standards.

Yours sincerely

Atrum Coal Limited

DIRECTORS

Glen Koropchuk (Non-Executive Chairman) (*appointed 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, resigned on 1 February 2022)*
William (Bill) Fleming *(appointed on 24 February 2020)*
Jeff Gerard *(appointed on 26 March 2021)*
Anita Perry *(appointed on 26 March 2021)*
Charles Blixt (Former Non-Executive Chairman) (*resigned on 26 March 2021)*
George Edwards *(resigned on 26 March 2021)*
Charles Fear *(appointed 17 August 2017 resigned on 27 July 2021)*

COMPANY SECRETARY

Nova Taylor (appointed on 25 January 2021)
Justyn Stedwell *(appointed 1 May 2017, resigned on 22 February 2022)*

REGISTERED AND PRINCIPAL OFFICE

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AUSTRALIAN SECURITIES EXCHANGE

Atrum Coal Ltd. shares (ATU) are listed on the Australian Securities Exchange.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Atrum Coal Ltd. and the entities it controlled at the end of, or during, the year ended 31 December 2021. Throughout the report, the consolidated entity is referred to as the group.

DIRECTORS

The names of the directors of the Company in office during the period and up to the date of this report are as follows:

Glen Koropchuk	Non-Executive Director (appointed as Director on 15 October 2020 and Non-Executive Chairman on 26 March 2021)
Richard Barker	Non-Executive Director (appointed 4 February 2019)
Andrew Caruso	Chief Executive Officer (appointed on 12 May 2020) and Managing Director (appointed on 12 August 2020, resigned on 1 February 2022)
William (Bill) Fleming	Non-Executive Director (appointed 24 February 2020)
Jeff Gerard	Non-Executive Director (appointed 26 March 2021)
Anita Perry	Non-Executive Director (appointed 26 March 2021)
Charles Blixt	Former Non-Executive Chairman (appointed as Director on 29 May 2017 and Non-Executive Chairman on 17 August 2017 – Resigned on 26 March 2021)
George Edwards	Non-Executive Director (appointed 17 August 2017 – resigned on 26 March 2021)
Charles Fear	Non-Executive Director (appointed 17 August 2017 – resigned on 27 July 2021)

The directors remain appointed as at the date of this report unless otherwise stated. The particulars of the qualifications, experience and special responsibilities of each current director are as follows:

Glen Koropchuk– Non-Executive Chairman (appointed 15 October 2020)

Mr Koropchuk is a mining engineer with extensive international experience in mine development and operations encompassing over 35 years primarily in Coal, Gold and Diamonds. He brings substantial project management and business development expertise, and a strong skillset in Corporate Social Responsibility, stakeholder engagement, permitting and sustainable development.

Mr Koropchuk's work history includes over 27 years in executive, management and operational roles for the Anglo American and De Beers Group, working extensively across the Americas and Africa. Key roles since 2002 included: GM of the Morila Gold Mine JV in Mali; COO of Tran-Siberian Gold in Russia; Head of Operational Performance for AngloCoal in South America and Canada; CEO of the Peace River Coal JV in British Columbia where he developed and optimized the Trend operation and led the project and permitting teams for the Roman Mountain expansion and COO of De Beers Canada where his responsibilities included delivering operational excellence for the Snap Lake and Victor mines and the execution of the ~$1B Gaucho Kue JV Project in the North West Territories.

Currently Mr Koropchuk is a non-executive director of Fortune Minerals and LiteZone Technologies and also serves on the Orezone-Bombore Project: Steering Committee and the Environmental, Social and Governance Committee.

Richard Barker - Non-Executive Director (appointed 4 February 2019)

Mr Barker has more than 35 years' experience in metals and mining industry financing, investment banking and M&A advisory. He is currently the Managing Director of Mosaic Capital Pty Ltd, a corporate finance advisory firm, and a non-executive director and founding director of Australian Future Energy Pty Ltd, an emerging Queensland-based "blue" hydrogen energy company. Among other senior management and executive roles, Mr. Barker was previously a non-executive director of ASX-listed Silver Heritage (ASX: SVH), a non-executive director and founding director of Batchfire Resources Pty Ltd, which owns and operates a 12Mtpa thermal coal mining operation in Queensland, Australia, a managing director of RBC Capital Markets and co-head of its Australian Metals & Mining Investment Banking division, chief executive officer of ASX-listed Betcorp Ltd, and executive director of NM Rothschild & Sons (Australia) Ltd's Corporate Advisory Division. Mr Barker resides in Australia.

As at 31 March 2022, Mr. Barker holds 2,836,365 fully paid ordinary shares, 1,000,000 performance rights and 500,000 unlisted options.

Andrew Caruso – Managing Director (appointed Chief Executive Officer on 12 May 2020 and as Managing Director on 12 August 2020, resigned on 1 February 2022)

In May 2020, Atrum appointed Andrew Caruso as Chief Executive Officer (CEO), effective from 12 May 2020.

Mr. Caruso is a qualified Mining Engineer who brings almost 30 years of global mining experience across a range of operational, management and key executive roles. He possesses substantial experience with bulk commodity projects including almost nine years as the Managing Director and CEO of several Australian iron ore and coal development companies, being Australasian Resources Limited (ASX: ARH), Crossland Resources Limited and Ascot Resources Limited (ASX: AZQ) (collectively from 2010 to 2018).

Prior to that, Mr. Caruso worked for 14 years in direct mine operations across iron ore, coal and nickel. This included six years in technical and management roles at substantial coal operations in Western Australia (Griffin Coal) and Queensland (BHP). He was most recently Vice President (Corporate Development) at Alcoa Corporation (a role he held from 2017 to 2019), where he was a key member of the Bauxite business unit responsible for the operation, growth and acquisition of Alcoa's bauxite mine assets globally. Prior to that, Mr. Caruso was a Director with PricewaterhouseCoopers' (PwC) consulting arm (from 2016 to 2017), with key responsibility for delivering critical solutions for clients including BHP, Goldfields and Resource Capital Funds.

Mr. Caruso holds a B.Eng (Honours) in Mining Engineering (Western Australian School of Mines) and a Graduate Diploma in Applied Finance and Investment (Financial Services Institute of Australasia). He is currently also a Non-Executive Director of Great Southern Mining Limited (ASX: GSN).

As at 31 March 2022, Mr. Caruso holds 1,000,000 fully paid ordinary shares in the Company and 4,000,000 unlisted options and 4,000,000 performance rights. Subsequent to his resignation, the performance rights lapsed on 1 February 2022 and the unlisted options will lapse on 30 April 2022.

William (Bill) Fleming - Non - Executive Director (appointed 24 February 2020)

Mr Fleming is a qualified mining engineer with extensive experience in the Canadian coal and iron ore industries. His professional career spans over35 years in technical, operational and management roles, including 25 years at the leading Canadian coking coal producer – Teck Resources Limited. He initially worked at the Bullmoose Coking Coal Mine (1.7Mtpa) and Elkview Coking Coal Mine as Site General Manager. He was also the Vice President, Operations, of the Cardinal River Coking Coal Mine (1.6Mtpa).

As at 31 March 2022, Mr. Fleming holds 540,000 fully paid ordinary shares, 1,000,000 performance rights and 500,000 unlisted options.

Jeffrey Gerard - Non - Executive Director (appointed 26 March 2021)

Mr. Gerard has over 40 years in the global resource industry in various technical, operational, commercial, and executive management roles. He has extensive industry experience across many geographies including Australia, Africa, North and South America, and China / Mongolia. This is coupled with an ability to develop, articulate and implement strategy based on sound analytical, technical and operational and project management expertise. Throughout his career he has completed multiple greenfield and brownfield due diligence and feasibility studies with extensive experience in dealing with multiple joint venture partners, governments / regulatory environments, and the banking and investment community. Mr. Gerard worked for Xstrata/Glencore for over 20 years, including extensive experience within their respective coal businesses. He retired from his final senior role at Glencore in February 2020. Mr. Gerard resides in Australia.

Anita Perry - Non - Executive Director (appointed 26 March 2021)

Mrs. Perry is a senior executive in government relations, strategic stakeholder engagement and regulatory affairs. She has gained over 30 years of professional expertise in these areas. Mrs. Perry's experience includes approximately 15 years at global energy major, BP. There she held various executive and project management roles across a variety of business matters focused on leading and advising on government advocacy, regulatory strategies, best practice employee communications and stakeholder relations. Mrs. Perry's final role at BP was Vice President, Communications and External Affairs, where she was responsible for the direction of all public and government relations for BP in Canada. She finished her career at BP in 2019. Mrs. Perry is currently a non-executive director of NorZinc Limited (TSX:NZC) and resides in Alberta.

Justyn Stedwell – Corporate Secretary (appointed 1 May 2017)

Mr. Stedwell is a professional company secretary with a decade of experience with ASX listed companies in various industries, including mining and exploration, IT & telecommunications, biotechnology and agriculture. Mr Stedwell's qualifications include a Bachelor of Commerce (Economics and Management) from Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia.

He is currently Company Secretary at several ASX-listed companies, including Tymlez Group Ltd (ASX:TYM), Candy Club Holdings Ltd (ASX:CLB), Golden Mile Resources Limited (ASX:G88), Fertoz Ltd (ASX:FTZ), Lifespot Health (ASX: LSH), Cirralto Ltd (ASX:CRO), Imugene Ltd (ASX:IMU), Rectifier Technologies Ltd (ASX:RFT) and Broo Ltd (ASX:BEE).

Mr Stedwell resigned on 22 February 2022.

Ms Nova Taylor – Corporate Secretary (appointed 25 January 2021)

On 25 January 2021, the Company appointed Ms. Nova Taylor as Joint Company Secretary. Ms Taylor has approximately 4 years' experience working in Company Secretary and assistant Company Secretary roles with listed companies. She previously worked for Computershare Investor Services Pty Limited in various roles for over 10 years. Nova has completed a Bachelor of Laws at Deakin University. Ms Taylor is currently Company Secretary of several ASX listed companies.

CORPORATE INFORMATION

Corporate Structure

Atrum is incorporated and domiciled in Australia.

Nature of Operations and Principal Activities

The principal continuing activities during the financial year, of entities within the Group was hard coking coal exploration and development in Alberta, Canada and anthracite in British Columbia, Canada.

OPERATING AND FINANCIAL REVIEW

FINANCIAL POSITION

At 31 December 2021, the Group had cash reserves of $1,823,809 (2020: $8,078,020).

The net assets of the Group decreased by $7,753,931 during the financial year from $15,922,508 to $8,168,577.

FINANCING AND INVESTING ACTIVITIES

During the financial year, the Company issued a total of 105,806,683 shares from an entitlement issue, raising $3,172,200 in cash. In addition, 682,309 listed options exercisable at a price of $0.20 each were exercised for a total amount of $136,462. During the year, 600,000 class 34P performance rights were exercised by two directors.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the year are detailed in the Company review.

Other than as disclosed below in the events since the end of the financial year, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the financial report.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

(i) The Managing Director and CEO resigned from the Company. As a result, 4,000,000 performance rights expired unexercised.

(ii) 100,000 unlisted options exercisable at a price of $0.10 expired unexercised

(iii) The Company issued 3,630,000 shares in lieu of a payment of C$100,000 in cash pursuant to the annual advance royalty payable on the Groundhog project.

(iv) On 7 March 2022, a Ministerial Order established an interim framework whilst the Government of Alberta continues to work towards a new coal policy. The Order reaffirms the Alberta 1976 Coal Policy and freezes all coal exploration and development on the Eastern Slopes, where the Elan project is located. Reclamation, security and safety activities can be undertaken on the exploration sites. No guidance as to the timing of a new coal policy has been provided. As a result the activities on the Elan project remain on pause. Refer Note 8 for further details.

There are no other matters or circumstances that have arisen since the end of the financial year 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 in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the Projects as more particularly outlined in the company review. The Company may also continue to pursue other potential investment opportunities to enhance shareholder value.

The Company continues with the ongoing exploration and development at the different project areas.

1976 COAL POLICY – PROVINCE OF ALBERTA (Elan project)

The Company's projects in Alberta are located lands classified as Category 2 under the 1976 Coal Policy. According to the Policy, Category 2 lands are lands:

"in which limited exploration is desirable and may be permitted under strict control but in which commercial development by surface mining will not normally be considered at the present time. This category contains lands in the Rocky Mountains and Foothills for which the preferred land or resource use remains to be determined, or areas where infrastructure facilities are generally absent or considered inadequate to support major mining operations. In addition, this category contains local areas of high environmental sensitivity in which neither exploration or development activities will be permitted. Underground mining or in-situ operations may be permitted in areas within this category where the surface effects of the operation are deemed to be environmentally acceptable." (Coal Development Policy For Alberta – Department of Energy and Natural Resources – Government of Alberta June 15, 1976).

This meant that any open pit permitting approval for Elan would have required an exemption to be granted. It was understood that such an exemption would have been forthcoming, provided that the other very strict environmental requirements were satisfied. The Company has been conducting its activities and planning with regard to such stringent requirements. A precedent for such an exemption had been established in 2016 when Ram River Coal successfully obtained Alberta Government approval to permit an open cut coal mining project on Category 2 land in central western Alberta.

On 1 June 2020, the Government of Alberta repealed the policy, which meant that the foregoing restrictions were no longer applicable to Category 2 lands, however strict environmental requirements would still apply for any permitting application.

On 8 February 2021, the Government of Alberta reinstated the policy and announced that new applications for Coal Exploration Licences have been frozen, prior to the formulation of a new coal policy, which will be undertaken after it has completed a consultation process. The Company decided to pause 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 been taken in order to direct maximum focus and effort towards the government's consultation process including engagement with key First Nations and community stakeholders.

On 7 March 2022, a Ministerial Order established an interim framework whilst the Government of Alberta continues to work towards a new coal policy. The Order reaffirms the Alberta 1976 Coal Policy and suspends all coal exploration and development on the Eastern Slopes, where the Elan project is located. Reclamation, security and safety activities can be undertaken on the exploration sites. No guidance as to the timing of a new coal policy has been provided. As a result, the activities on the Elan project remain on pause.

MEETINGS OF DIRECTORS

The numbers of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director was as follows. Outside of these meetings of directors, the Company conducted its directors' meetings and resolved certain corporate matters via circular resolutions of directors.

	Year ended 31 December 2021		Period ended 31 December 2020	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number eligible to attend**
Glen Koropchuk	**20**	**20**	2	2
Richard Barker	**20**	**20**	18	18
Andrew Caruso	**20**	**20**	5	5
William (Bill) Fleming	**20**	**18**	16	16
Jeffrey Gerard[1]	**14**	**14**	-	-
Anita Perry[1]	**14**	**14**	-	-
Charles Blixt[2]	**7**	**6**	18	18
George Edwards[2]	**7**	**7**	18	18
Charles Fear[3]	**13**	**12**	18	18

(1) Appointed as Non-Executive Director on 26 March 2021
(2) Resigned on 26 March 2021
(3) Resigned on 27 July 2021

REMUNERATION REPORT (AUDITED)

The directors are pleased to present Atrum Coal Ltd.'s remuneration report for the year ended 31 December 2021 which sets out the remuneration information for the company's non-executive directors, executive directors and other key management personnel.

This report details the nature and amount of remuneration for each director and executive of Atrum Coal Ltd. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "executive" includes those key management personnel who are not directors of the parent company.

(a) Remuneration policy
(b) Remuneration structure
(c) Service agreements
(d) Details of remuneration for the year
(e) Details of share-based compensation and equity instruments held by Key Management Personnel
(f) Voting and comments made at the Company's 2020 Annual General Meeting
(g) Other transactions with key management personnel

The KMP's covered in this report include:

Glen Koropchuk	Non-Executive Director (appointed as Director on 15 October 2020 and Non-Executive Chairman on 26 March 2021)
Richard Barker	Non-Executive Director (appointed 4 February 2019)
Andrew Caruso	Chief Executive Officer (appointed on 12 May 2020) and Managing Director (appointed on 12 August 2020, resigned on 1 February 2022)
William (Bill) Fleming	Non-Executive Director (appointed 24 February 2020)
Jeff Gerard	Non-Executive Director (appointed 26 March 2021)
Anita Perry	Non-Executive Director (appointed 26 March 2021)
Charles Blixt	Former Non-Executive Chairman (appointed as Director on 29 May 2017 and Non-Executive Chairman on 17 August 2017 – Resigned on 26 March 2021)
George Edwards	Non-Executive Director (appointed 17 August 2017 – resigned on 26 March 2021)
Charles Fear	Non-Executive Director (appointed 17 August 2017 – resigned on 27 July 2021)

REMUNERATION GOVERNANCE

Remuneration Committee

The full Board carries out the roles and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

A. Remuneration policy

The Board policy is to remunerate directors at market rates for time, commitment and responsibilities. The Board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in a general meeting, from time to time. The current maximum aggregate amount as approved by shareholders at the Company's general meeting held on 27 July 2021 is $400,000 per annum. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold shares and options in the Company.

The Company's aim is to remunerate at a level that reflects the size and nature of the Company. Company officers and directors are remunerated to a level consistent with the size of the Company.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with its remuneration policy, the Company granted share purchase options to Key Management Personnel and Employees as disclosed in Part E of this remuneration report.

REMUNERATION GOVERNANCE (Continued)

B. Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination approved by shareholders on 29 June 2020 was an aggregate compensation of $400,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options and/or performance rights, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay – Short Term Incentives

The purpose of the short-term incentive plan is to reward achievement of business objectives on a year by year basis. Each financial year the board, in conjunction with senior management, sets the business objectives aimed to be achieved during the year to implement the Company's business plan.

The business objectives are clearly defined outcomes in project development and commercialisation, achievement of which can be readily and objectively measured at the end of the financial year. Measurement of achievement of the business objectives also involves comparison with factors external to the Company.

No remuneration linked to short term incentives have been issued to date.

REMUNERATION GOVERNANCE (Continued)

Variable Pay — Long Term Incentives

The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

Variable Pay — Long Term Incentives – Performance Rights

The Company has implemented a Performance Rights Plan for the Directors, Key Management and Staff. The objective of the Performance Rights Plan is to align the interests of all personnel involved in the operations of the Company and to reward them for the achievement of milestones relating to market and non-market objectives. Please refer to Section E for further information on the milestones set in relation to the Performance Rights Plan.

C. Service Agreements

The employment arrangements of the directors are contained in formal letters of appointment, and in the case of Executive Directors, contracts for services. Included in these contracts, amongst other things, are reference to the grant of options.

The contract details of each of the Key Management Personnel are as follows:

<u>Glen Koropchuk – Non-Executive Chairman</u>

Agreement Commenced:	15 October 2020
Term of Agreement:	No set tenure
Details:	Director's fee of C$62,500 per year from 1 January 2021 to 31 March 2021 Director's fee of C$85,000 from 1 April to 31 July 2021 and C$42,500 subsequently 1,500,000 options at exercise prices between $0.30 and $0.45 with expiry dates that are between 12 and 36 months from the issue dates. (These options are subject to shareholder approval at the next AGM)

<u>Andrew Caruso – Managing Director and CEO</u>

Agreement Commenced:	12 May 2020
Term of Agreement:	Full time employment
Details:	Salary of C$450,000 per annum plus 50% bonus based on achievement of targets set by the board 3 Months termination notice by Mr. Caruso; six months termination notice if terminated by the Company. For the period from 1 October to 31 December 2021, Mr. Caruso accepted a reduced salary of $350,00 per annum. 5,000,000 options granted in five equal tranches and exercisable in five equal annual tranches. 5,000,000 performance rights in Atrum Coal Limited, to be granted in five equal tranches subject to the achievement of pre-determined criteria. Relocation expense of C$30,000, rental assistance of C$20,000 and assistance with tax of C$3,000 annually

<u>Richard Barker – Non-Executive Director</u>

Agreement Commenced:	4 February 2019
Term of Agreement:	No set tenure
Details:	Director's fee $62,500 per year (inclusive of superannuation) from 1 January 2021 to 30 June 2021 Director's fee to A$31,250 per year from 1 July 2021 1,500,000 options at exercise prices between $0.35 and $0.45 with expiry dates that are between 12 and 36 months from the issue dates.

<u>William (Bill) Fleming – Non-Executive Director</u>

Agreement Commenced:	24 February 2020
Term of Agreement:	No set tenure
Details:	Director's fee $62,500 per year (inclusive of superannuation) from 1 January 2021 to 30 June 2021 Director's fee to A$31,250 per year from 1 July 2021 1,500,000 options at exercise prices between $0.40 and $0.50 with expiry dates that are between 12 and 36 months from the issue dates. 1,300,000 performance rights

<u>Jeffrey Gerard – Non-Executive Director</u>

Agreement Commenced:	26 March 2021
Term of Agreement:	No set tenure
Details:	Director's fee $62,500 per year (inclusive of superannuation) from 1 January 2021 to 30 June 2021 Director's fee to A$31,250 per year from 1 July 2021

REMUNERATION REPORT (AUDITED) (Continued)

C. Service Agreements (Continued)

<u>Anita Perry – Non-Executive Director</u>
Agreement Commenced: 26 March 2021
Term of Agreement: No set tenure
Details: Director's fee $62,500 per year (inclusive of superannuation) from 1 January 2021 to 30 June 2021
Director's fee to A$31,250 per year from 1 July 2021

<u>Charles Blixt – Non-Executive Chairman</u>
Agreement Commenced: 29 May 2017 – terminated on 26 March 2021
Term of Agreement: No set tenure
Details: Director's fee US$ 87,500 per year
2,000,000 options at exercise prices between $0.396 and $0.996, which were cancelled during the year.
2,400,000 options at exercise prices between $0.35 and $0.45 with expiry dates that are between 12 and 36 months from the issue dates.

<u>George Edwards – Non-Executive Director</u>
Agreement Commenced: 17 August 2017 – terminated on 26 March 2021
Term of Agreement: No set tenure
Details: Director's fees A$55,000 per year (A$62,500 per year with effect from 1 October 2020)
1,350,000 options at exercise prices between $0.396 and $0.996, which were cancelled during the year.
1,500,000 options at exercise prices between $0.35 and $0.45 with expiry dates that are between 12 and 36 months from the issue dates.

<u>Charles Fear – Non-Executive Director</u>
Agreement Commenced: 17 August 2017 – terminated on 27 July 2021
Term of Agreement: No set tenure
Details: Director's fees $62,500 per year (inclusive of superannuation) from 1 January 2021 to 30 June 2021
1,500,000 options at exercise prices between $0.35 and $0.45 with expiry dates that are between 12 and 36 months from the issue dates.

D. Details of remuneration for the year

Remuneration

Details of the remuneration of each Director and named executive officer of the Company, including their personally-related entities, during the year was as follows:

Directors	Year Ended 31 December	Short Term Benefits Salary and fees (including Directors Fees) $	Post Employment Superannuation $	Share Based Payments Performance rights and Options (A) $	Total $	Performance related Fixed %	Performance related LTI %
Glen Koropchuk	**2021**	70,789	-	-	**70,789**	100%	-
Richard Barker	**2021**	42,808	4,067	65,670	**112,545**	38%	62%
Andrew Caruso	**2021**	444,190	-	123,214	**567,404**	78%	22%
William (Bill) Fleming	**2021**	55,841	-	19,286	**75,127**	74%	26%
Jeffrey Gerard[1]	**2021**	32,063		-	**32,063**	100%	-
Anita Perry[1]	**2021**	39,924	-	-	**39,924**	100%	-
Charles Blixt[2]	**2021**	21,875	-	(217,397)	**(195,522)**	100%	-
George Edwards[2]	**2021**	15,625	-	(147,354)	**(131,729)**	100%	-
Charles Fear[3]	**2021**	28,539	2,711	(52,664)	**(21,414)**	100%	-
Total	**2021**	**751,654**	**6,778**	**(209,245)**	**549,187**		

(1) Appointed as Non-Executive Director on 26 March 2021
(2) Resigned on 26 March 2021
(3) Resigned on 27 July 2021

A. The estimated options value discussed above is calculated at the date of grant using a Black-Scholes model, having regard to the estimated probability, at 31 December 2021, that the vesting conditions will realise. Please refer Note 10(d) for fair value methodology.

REMUNERATION REPORT (AUDITED) (Continued)

D. Details of remuneration for the year (Continued)

Directors	Year Ended 31 December	Short Term Benefits: Salary and fees (including Directors Fees) $	Post Employment: Superannuation $	Share Based Payments: Performance rights and Options (A) $	Total $	Performance related: Fixed %	Performance related: LTI %
Charles Blixt	**2020**	83,450	-	324,199	**407,649**	20%	80%
Richard Barker	**2020**	51,941	4,934	222,145	**279,020**	20%	80%
Andrew Caruso(1)	**2020**	310,096	-	693,683	**1,003,779**	31%	69%
George Edwards	**2020**	56,875	-	222,145	**279,020**	20%	80%
Charles Fear	**2020**	51,941	4,934	222,145	**279,020**	20%	80%
William (Bill) Fleming(2)	**2020**	55,788	-	158,758	**214,546**	26%	74%
Glen Koropchuk(3)	**2020**	14,567	-	-	**14,567**	100%	-
Max Wang(4)	**2020**	180,125	-	-	**180,125**	100%	-
Total	**2020**	**804,783**	**9,868**	**1,843,075**	**2,657,426**	**30%**	**70%**

(1) Appointed as CEO on 12 May 2020 and Managing Director on 12 August 2020
(2) Appointed as Non-Executive Director on 24 February 2020
(3) Appointed as Non-Executive Director on 15 October 2020
(4) Ceased as Managing Director on 11 May 2020. The termination payment consisted of nine months of current salary payable over nine months from the foregoing date.

A. The estimated options value discussed above is calculated at the date of grant using a Black-Scholes model, having regard to the estimated probability, at 31 December 2020, that the vesting conditions will realise. Please refer Note 10(d) for fair value methodology.

E. Details of share-based compensation and equity instruments held by key management personnel

Unlisted Options

During the year ended 31 December 2021, movements in unlisted options were as follows:

Unlisted Options	Balance at the start of the year	Granted	Cancelled	Expired/ Forfeited	Balance at the end of the year
Directors					
Andrew Caruso	5,000,000	-	-	(1,000,000)	4,000,000
Richard Barker	1,375,000	-	-	(875,000)	500,000
William Fleming	1,375,000	-	-	(875,000)	500,000
Charles Blixt[1]	2,200,000	-	-	(2,200,000)	-
George Edwards[1]	1,375,000	-	-	(1,375,000)	-
Charles Fear[2]	1,375,000	-	-	(1,375,000)	-
Total	**12,700,000**	**-**	**-**	**(7,700,000)**	**5,000,000**

(1) Resigned on 26 March 2021
(2) Resigned on 27 July 2021

Listed Options

The following are movements in listed options during the year ended 31 December 2021:

Listed Options	Balance at the start of the year	Acquired	Expired/ Exercised	Balance at the end of the period
Directors				
Charles Blixt	550,000	-	(550,000)	-
Richard Barker	1,429,000	-	(1,429,000)	-
George Edwards	550,000	-	(550,000)	-
Charles Fear	6,739,382	-	(6,739,382)	-
Total	**9,268,382**	**-**	**(9,268,382)**	**-**

REMUNERATION REPORT (AUDITED) (Continued)

E. Details of share-based compensation and equity instruments held by key management personnel (Continued)

Vesting of Options and Performance Rights

Set out below are the unlisted options and performance rights that have been expensed/(reversed) during the year ended 31 December 2021:

	Expensing/(Reversal) of options 2021 $	Expensing/(Reversal) of performance rights 2021 ($)	Total 2021 $
Charles Blixt[1]	(119,872)	(97,525)	(217,397)
Richard Barker	19,770	45,900	65,670
Andrew Caruso	-	123,214	123,214
George Edwards[1]	(74,920)	(72,434)	(147,354)
Charles Fear[2]	19,770	(72,434)	(52,664)
William Fleming	-	19,286	19,286
	(155,252)	**(53,993)**	**(209,245)**

(1) Resigned on 26 March 2021
(2) Resigned on 27 July 2021

Details of options granted to Directors as part of remuneration:

(a) Options granted to directors during the year
No options were granted to directors during the year.

(b) Performance rights granted to directors during the year

(i) Performance Right Vesting Conditions are detailed in Note 10 to the financial statements.

Performance rights granted carry no dividend or voting rights. When vesting conditions relative to the performance right are met and the performance right is exercised, each performance right entitles the holder to be issued 1 ordinary share for nil consideration.

(ii) Details of the performance rights movements for each Key Management Person:

The number of Performance Rights held during the financial period by each director of Atrum Coal Ltd. and other Key Management Personnel of the Group, including their personally related parties, is set out below.

	Balance at the start of the year	Granted	Expired/ Cancelled	Exercised	Balance at the end of the year
Performance rights					
Directors					
Charles Blixt[1]	1,350,000	-	(1,350,000)	-	-
Richard Barker	1,000,000	-	-	-	1,000,000
Andrew Caruso	4,000,000	-	-	-	4,000,000
George Edwards[1]	1,300,000	-	(1,000,000)	(300,000)	-
Charles Fear[2]	1,000,000	-	(1,000,0000	-	-
William Fleming	1,300,000	-	-	(300,000)	1,000,000
Total	**9,950,000**	**-**	**(3,350,000)**	**(600,000)**	**6,000,000**

(1) Resigned on 26 March 2021
(2) Resigned on 27 July 2021

REMUNERATION REPORT (AUDITED) (Continued)

E. Details of share-based compensation and equity instruments held by key management personnel (Continued)

Director	Class	Year of Grant	Non Market Based	Probability of vesting*	100 % Value at grant date $	Vesting expense during the year $	Value remaining to Vest $
Richard Barker	35P	2019	300,000	80%	75,600	18,900	26,875
	36P	2019	300,000	80%	75,600	12,600	43,116
	37P	2019	400,000	80%	100,800	14,400	63,675
Andrew Caruso	35P	2020	1,000,000	80%	180,000	45,000	112,192
	36P	2020	1,000,000	80%	180,000	30,000	134,795
	37P	2020	1,000,000	80%	180,000	25,714	141,252
	38P	2020	1,000,000	80%	180,000	22,500	146,096
William Fleming	35P	2020	300,000	80%	54,000	13,500	33,658
	36P	2020	300,000	80%	54,000	9,000	40,438
	37P	2020	400,000	80%	72,000	10,285	56,501
			6,000,000		**1,152,000**	**201,899**	**798,598**

During the year ended 31 December 2021, the hurdle with respect to 600,000 class 34P Performance rights have vested upon achievement of a 200mt JORC Measured and Indicated resource estimate at an Elan project or projects.

Shareholding

The number of shares in the Company held during the financial period by each director and other members of Key Management Personnel of the group, including their personally related parties, is set out below:

Ordinary Shareholding (Fully and Partly Paid)	Balance at the start of the year	Additions	Disposals	Other	Balance at the end of the year
Year ended 31 December 2021					
Directors					
Charles Blixt[1]	2,100,000	-	-	2,100,000	-
Richard Barker	2,400,000	436,365[4]	-	-	2,836,365
Andrew Caruso	1,000,000		-	-	1,000,000
George Edwards[1]	1,399,849	300,000[3]	-	1,699,849	-
Charles Fear[2]	7,800,000	500,000[4]	-	8,300,000	-
William Fleming	240,000	300,000[3]	-	-	540,000
Total	14,939,849	1,236,365	-	12,399,849	4,376,365

[1] *Holding at date of resignation on 26 March 2021*
[2] *Holding at date of resignation on 27 July 2021*
[3] *Acquired on vesting of 34P Performance rights (300,000 for William Fleming and 300,000 for George Edwards)*
[4] *Shares issued as part of the entitlement issuance*

The shareholdings presented in the table above comprise all ordinary shares

No options were granted to key management personnel as part of remuneration during the year.

F. Voting and comments made at the Company's 2020 Annual General Meeting

The Company received 6.39% of votes "against" the adoption of the remuneration report for the 2020 financial period. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

***** This is the end of the Audited Remuneration Report. *****

INSURANCE OF OFFICERS

The Company has insured the Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

SHARE OPTIONS

During the financial year ended 31 December 2021, no options were granted to employees of the Company:
No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

LEGAL PROCEEDINGS

There are currently no legal proceedings against the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

ENVIRONMENTAL REGULATIONS

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 3 to the financial statements as per the requirements of the Corporations Act 2001. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

	Consolidated	
	2021	2020
Auditor's Remuneration		
(a) Non-Audit Services		
Amounts received by, related practices of BDO Audit (WA) Pty Ltd for non-audit services	**5,871**	7,879
	5,871	7,879

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 31 December 2021, as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

Signed in accordance with a resolution of directors.

Richard Barker
31 March 2022

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Atrum is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Atrum on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Atrum's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC).

The Company's corporate governance statement and Appendix 4G can be found on the Company's website at www.atrumcoal.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Consolidated 2021 $	2020 $
Other income from continuing operations	20		
Interest income		**4,845**	12,625
Mineral Exploration tax credit		**412,368**	-
Other Income		**444,706**	-
Expenses			
Administration		**(88,075)**	(89,992)
Compliance & regulatory		**(418,418)**	(314,173)
Consultancy		**(29,379)**	(281,349)
Directors' fees (Non-executive)		**(314,241)**	(324,431)
Staffing costs		**(267,247)**	(530,171)
Exploration expenditure	8	**(10,997,002)**	(20,655,275)
Foreign exchange loss		**1,087**	(9,858)
Occupancy		**(19,932)**	(12,609)
Public relations and marketing		**(93,063)**	(99,220)
Compensation costs		**-**	(136,846)
Share based payments	18	**86,734**	(3,257,173)
Travel		**(73,711)**	(70,888)
Loss before income tax expense		**(11,351,328)**	(25,769,360)
Income tax expense	2	-	-
Loss after income tax expense		**(11,351,328)**	(25,769,360)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss		**-**	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**658,238**	(471,448)
Other comprehensive loss for the year, net of tax		**658,238**	(471,448)
Total comprehensive loss for the period attributable to members		**(10,693,090)**	(26,240,808)
Loss per share attributable to members of Atrum Coal Ltd.			
Basic (loss) per share – dollars per share	4	**(0.02)**	(0.05)
Diluted (loss) per share – dollars per share		**(0.02)**	(0.05)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**1,823,809**	8,078,020
Trade and other receivables	6	**289,957**	795,470
Total Current Assets		**2,113,766**	8,873,490
Non-Current Assets			
Reclamation deposits	7	**169,028**	158,147
Exploration and evaluation expenditure	8	**9,439,610**	8,657,716
Total Non-Current Assets		**9,608,638**	8,815,863
TOTAL ASSETS		**11,722,404**	17,689,353
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**485,995**	1,766,845
Total Current Liabilities		**485,995**	1,766,845
Non-current liabilities			
Reclamation liability	8	**3,067,832**	-
Total Non-Current Liabilities		**3,067,832**	-
TOTAL LIABILITIES		**3,553,827**	1,766,845
NET ASSETS		**8,168,577**	15,922,508
EQUITY			
Issued capital	10	**128,881,578**	125,855,686
Reserves	19	**12,477,083**	11,905,578
Accumulated losses		**(133,190,084)**	(121,838,756)
TOTAL EQUITY		**8,168,577**	15,922,508

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

December 31 2021 Consolidated	Issued Capital $	Share-Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance as at 31 December 2020	**125,855,686**	**11,455,511**	**450,067**	**(121,838,756)**	**15,922,508**
Other Comprehensive Income					
Movement in reserve	-	-	658,238	-	658,238
Loss for the year	-	-	-	(11,351,328)	(11,351,328)
Total comprehensive income/(loss) for the year	-	-	658,238	(11,351,328)	(10,693,090)
Transactions with equity holders:					
Share-based payments/Options	-	(86,734)	-	-	(86,734)
Securities issued for the period	3,307,262	-	-	-	3,307,262
Capital transaction costs	(281,370)	-	-	-	(281,370)
Total contribution by equity holders	3,025,892	(86,734)	-	-	2,939,158
Balance as at 31 December 2021	**128,881,578**	**11,368,777**	**1,108,306**	**(133,190,084)**	**8,168,577**

December 31 2020 Consolidated	Issued Capital $	Share-Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance as at 31 December 2019	**103,906,611**	**8,318,338**	**921,515**	**(96,069,396)**	**17,077,068**
Other Comprehensive Income					
Movement in reserve	-	-	(471,448)		(471,448)
Loss for the year	-	-	-	(25,769,360)	(25,769,360)
Total comprehensive income/(loss) for the year	-	-	(471,448)	(25,769,360)	(26,240,808)
Transactions with equity holders:					
Share-based payments/Options	-	3,137,173	-	-	3,137,173
Securities issued for the period	23,064,255	-	-	-	23,064,255
Subscriptions received	3,400	-	-	-	3,400
Capital transaction costs	(1,118,580)	-	-	-	(1,118,580)
Total contribution by equity holders	21,949,075	3,137,173	-	-	25,086,248
Balance as at 31 December 2020	**125,855,686**	**11,455,511**	**450,067**	**(121,838,756)**	**15,922,508**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Note	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Receipts from customer		**436,221**	-
Receipts from authorities (GST refunds)		**668,119**	172,408
Mineral exploration tax credit		**403,864**	-
Payments to suppliers and employees		**(2,838,166)**	(4,824,074)
Interest received		**4,845**	12,625
Exploration expenditure		**(8,105,903)**	(19,263,907)
Net cash used in operating activities	5(a)	**(9,431,020)**	(23,902,948)
Cash flows from investing activities			
Addition to mining interests		**-**	(101,721)
Net cash used in investing activities		**-**	(101,721)
Cash flows from financing activities			
Proceeds from issuance of shares and options		**3,307,262**	22,947,655
Payment of capital raising costs		**(281,370)**	(1,118,580)
Net cash provided by/(used in) financing activities		**3,025,892**	21,829,075
Net increase/(decrease) in cash and cash equivalents		**(6,405,129)**	(2,175,594)
Cash and cash equivalents at the beginning of the year		**8,078,020**	10,122,166
Effect of foreign currency translation		**150,917**	131,448
Cash and cash equivalents at the end of the year	5	**1,823,809**	8,078,020

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparing the financial report of the Group, are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all years presented, unless otherwise indicated.

Atrum Coal Ltd. ('Company" or "Parent Entity") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange (code: ATU). The financial statements are presented in Australian dollars which is the Company's functional currency.

The nature of the operations and principal activities of the Company are disclosed in the Directors' Report.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporation Act 2001*. Atrum Coal Ltd. is a for-profit entity for the purpose of preparing the financial statements.

i. Compliance with IFRS

The consolidated financial statements of Atrum Coal Ltd. also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii. Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value, and
- assets held for sale – measured at fair value less cost of disposal.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The separate financial statements of the parent entity, Atrum Coal Ltd., have not been presented within this financial report as permitted by the Corporations Act 2001.

(b) 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 incurred a loss for the year ended 31 December 2021 of $11,351,328 (2020: $25,769,360) and net cash outflows from operating activities of $9,431,020 (2020: $23,902,948). The Group has cash reserves of $1,823,809 at 31 December 2021.

The Group has prepared a budget taking into consideration the plans for the Group as detailed below. Management are confident that the Group has the ability to raise further capital to ensure the continuity and integrity of work done in previous years by maintaining the intellectual property associated with the projects, whilst the authorities work 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 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, is planning to raise further funds;
- the level of expenditure has been reduced to a manageable level and in line with the cash availability; and
- the group expects a refund from its partner of expenses incurred already developing Groundhog project.

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.

1. Summary of significant accounting policies (continued)

(c) Statement of compliance

The financial report was authorised for issue by the directors on 31 March 2022.

The financial report complies with the Corporations Act 2001, Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Atrum Coal Ltd. and its subsidiaries as at 31 December each year ("Consolidated Entity" or "Group"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses or profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of Profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the Statement of Profit or Loss and Other Comprehensive Loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using average exchange rates for the period, or where possible, the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate.

Group companies

The functional currency of the overseas subsidiaries is currency Canadian and US dollars. The Board of Directors assesses the appropriate functional currency of these entities on an ongoing basis.

1. Summary of significant accounting policies (continued)

(f) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Mineral Exploration tax credits are accounted for on receipt of the refundable tax credit. Other income are income received in reimbursement of expenses incurred.

(g) Cash and cash equivalents

Cash comprises of cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

1. Summary of significant accounting policies (continued)

(i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred on a purchase of goods and service is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Leasehold improvements, plant and equipment

Leasehold improvements, plant and equipment are stated at historical costs less accumulated depreciation. Historical costs include expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they were incurred. Depreciation is calculated using both the straight-line method to allocate asset costs over their estimated useful lives, or in the case of leasehold improvements, the unexpired period of the lease. Annual depreciation / amortisation rates applying to each class of depreciable asset are as follows:

Leasehold improvements	Lease term
Computer equipment	33%
Machinery & equipment	20-50%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(k) Financial assets

Classification
The Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset - there are two measurement categories into which the Group classifies its debt instruments:

These include trade and other receivables and financial assets at amortised cost

- Amortised cost:
  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains or losses. Impairment losses are presented as separate line items in the statement of profit or loss.

1. Summary of significant accounting policies (continued)

(k) Financial assets (continued)

• FVPL:
Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income (FVOCI) are not reported separately from other changes in fair value

Impairment
The Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(l) Mineral exploration and evaluation expenditure

Exploration and evaluation expenditures incurred by the purchase or acquisition of the asset from a private vendor, or through government applications and licensing processes are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost. Ongoing exploration costs are expensed as incurred. Any tax credit received from the government regarding previously expensed expenditures is treated as revenue when received.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

1. Summary of significant accounting policies (continued)

(m) Impairment of assets (*continued*)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

(p) Issued capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of the basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1. Summary of significant accounting policies (continued)

(s) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) or options to buy shares at a specified price.

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. When the valuation is deemed to be significant, the fair value is determined by using the Black-Scholes model or the binomial option valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Atrum Coal Ltd. or its subsidiaries (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

Share-based payment transactions with consultants are measured based on the fair value of services provided or where this cannot be determined, is valued by reference to the fair value of the equity instruments at the grant date.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Performance Rights/Options

The Group issues performance rights and options to its Key Management Personnel and employees as part of their remuneration as required in the service/employment agreement.

Each Performance right gives the holder a right to one share upon vesting conditions being met. Shares are issued upon Performance rights which vest.

The cost of share-based payments to key personnel with respect to options is measured by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined using Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

1. Summary of significant accounting policies (continued)

(u) Significant accounting judgments, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements.

(i) Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(l). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

(ii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. These models require a number of assumptions to be made including the expected future volatility of the share price, the estimated vesting date and the risk-free interest rate. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(iii) Tax in foreign jurisdictions

The Group operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to Income tax, sales tax, VAT, withholding tax and employee income tax. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period in which they are settled.

(iv) Reclamation costs

The Group's exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred and actual timing thereof in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates can affect the carrying amount of this provision. Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates.

(v) Reclamation costs

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the net present value of the estimated cost of rehabilitating and restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining lives of the mines.
Annual increases in the provision relating to the change in the net present value of the provision are recognised as finance costs. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

The amount of the provision for future restoration costs is recognised as exploration and evaluation assets or expensed during the exploration phase according to the Company's policy for exploration and evaluation assets (refer note X). Upon the commencement of commercial production, future restoration costs are recognised as mine property assets.

Currently there is much uncertainty surrounding the form and content of the new Coal Policy in Alberta. As a consequence, the Company has decided to provide for the reclamation of the exploration sites as it is a requirement of the Coal Exploration Permit (CEP) granted to the Company.

1. Summary of significant accounting policies (continued)

(w) New Accounting Standards and Interpretations not yet mandatory or early adoption

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

	Consolidated	
	2021	2020
	$	$
2. Income tax		
(a) Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
Net loss before income tax	**(11,351,328)**	**(25,769,360)**
Income tax at 25% (2020 27.5%)	**(2,837,832)**	**(7,730,808)**
Effect of expenses not deductible in determining taxable income	**86,594**	**1,177,415**
Effect of tax rates in foreign jurisdictions (i)	**(106,563)**	**1,393,420**
Tax losses and other timing differences not recognised	**2,857,801**	**5,159,973**
Total income tax expense/(benefit)	-	-

(i) The subsidiaries of the Group operate in tax jurisdictions with differing tax rates.

Atrum Coal Ltd. has unrecognised tax losses arising in Australia, Canada and the USA, which are indefinitely to offset against future profits of the Company providing the tests for deductibility against future profits are met

(c) Unrecognised deferred tax assets arising on timing difference and losses

		2021	2020
(ii)	Losses – revenue	**1,541,779**	1,660,249
	Foreign losses - revenue	**18,220,744**	14,395,570
	Other	**29,387**	36,098
		19,791,910	16,091,917

(iii) The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia or Canada of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and Canada; and

(iii) there are no changes in tax legislation in Australia or Canada which will adversely affect the Group in realising the benefit from the deductions for the losses.

	Consolidated 2021 $	Consolidated 2020 $
3. Auditors' remuneration		
(a) Audit services		
The auditor of Atrum Coal Ltd. is BDO Audit (WA) Pty Ltd		
Audit and review services	**72,528**	66,589
	72,528	66,589
(b) Non-audit services		
Amounts received by BDO for non-audit services:		
Preparation and lodgement of income tax returns		
Australia	**5,871**	7,859
	5,871	7,859

4. Earnings per share (EPS)

	2021	2020
Basic loss per share – dollars	(0.02)	**(0.05)**
Loss used in calculation of basic loss per share	(11,351,328)	**(25,769,360)**
Weighted average number of ordinary shares outstanding during the year used In the calculation of basic and diluted loss per share	617,017,742	**539,029,083**

5. Cash and Cash Equivalents

	2021	2020
Cash at bank	**1,823,809**	8,078,020
Deposits at call	**-**	-
	1,823,809	8,078,020

Cash at bank earns interest at floating rates based on daily deposit rates. This note should be read in conjunction with Note 19: Financial instruments.

(a) Reconciliation of loss for the year to net cash flows from operating activities

	2021	2020
Loss for the year	**(11,351,328)**	(25,769,360)
Add back:		
Share Based Payments	**(86,734)**	3,257,173
Provision for reclamation expensed	**2,891,099**	-
Changes in assets and liabilities:		
Movements in trade and other receivables	**505,513**	(79,722)
Movement in trade and other payables	**(1,389,570)**	(1,311,039)
Cash recovered from financial asset (Note 7)	**-**	-
Net cash flows from operating activities	**(9,431,020)**	(23,902,948)

	Consolidated 2021 $	Consolidated 2020 $
6. Trade & other receivables		
Current		
GST receivables & deposits	**236,479**	737,244
Other Prepayments	**53,478**	58,226
	289,957	795,470

Terms and conditions relating to the above financial instruments:

- There are no past due and impaired trade receivables.
- The above amounts do not bear interest and their carrying value amount is equivalent to their fair value.

Information about the Group's exposure to credit risk is disclosed in Note 16: Financial instruments.

	Consolidated 2021 $	Consolidated 2020 $
7. Reclamation Bonds		
Balance at start of year	**158,147**	170,628
Exchange difference	**10,881**	(12,481)
Balance at end of year	**169,028**	158,147

See note 8 on additional reclamation bond

	Consolidated 2021 $	Consolidated 2020 $
8. Non-current assets – exploration and evaluation expenditure		
Groundhog Coal Project	**1,078,951**	901,010
Panorama Project	**2,380,713**	2,208,736
Elan Project	**5,979,946**	5,547,970
	9,439,610	8,657,716
Opening balance	**8,657,716**	9,146,410
Advanced royalty payment (i)	**108,720**	101,721
Foreign exchange translation differences	**673,174**	(590,415)
Closing Balance	**9,439,610**	8,657,716

(i) These amounts represent advanced annual royalty payments made with respect to the Groundhog Project, which is part of the terms of acquisition of the project. These amounts are only recoverable against future royalties from the Groundhog Project. At 31 December 2021, the royalty amount of C$100,000 was not paid. Subsequent to 31 December 2021, there was an agreement to settle the royalty due through the issuance of 3,360,000 shares. These shares will be kept in escrow.

(ii) During the year ended 31 December 2021, the Company received notice from the authorities in British Columbia, after an assessment they have completed, that the Company is required to increase in the reclamation bond on the Groundhog and Panorama projects by $622,452. This is in addition to the existing reclamation bond of $169,028, held by the Government of British Columbia as a deposit.

(iii) During the year ended 31 December, the Company decided to recognise a reclamation liability on its Elan project as it scales back all exploration activities on that project. In Alberta, there is no requirement for any reclamation bond, however operators are required to reclaim within a time frame which exceeds 12 months. Given that the Company has halted all exploration activities, and based on an independent estimate, has evaluated that a provision of $2,276,353 is adequate. Such valuation will be reviewed annually.

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 year ended 31 December 2021, the Group incurred total exploration costs $10,997,002 (2020: $20,655,275) of which an amount of $7,517,668 (2020: $20,523,066) was incurred on its Elan project, bringing the cumulative amount spent on the project at 31 December 2021 to $45,175,037 (31 December 2020: $37,657,369). In addition, in 2021, the Company expensed a reclamation provision of $2,224,032 on the Elan Project. On the Groundhog and Panorama projects, the group incurred costs of $588,235, which are reimbursable by JOGMEC following the earn-in agreement. A provision of $667,067 for reclamation of the project was expensed in the year ended 31 December 2021.

1976 COAL POLICY – PROVINCE OF ALBERTA (Elan project)

On 8 February 2021, the Government of Alberta reinstated the Alberta 1976 Coal Policy and announced that new applications for Coal Exploration Licences have been frozen, prior to the formulation of a new coal policy, which will be undertaken after it has completed a consultation process. The Company decided to pause 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 been taken in order to direct maximum focus and effort towards the government's consultation process including engagement with key First Nations and community stakeholders.

On 7 March 2022, a Ministerial Order established an interim framework whilst the Government of Alberta continues to work towards a new coal policy. The Order reaffirms the Alberta 1976 Coal Policy and freezes all coal exploration and development on the Eastern Slopes, where the Elan project is located. Reclamation, security and safety activities can be undertaken on the exploration sites. No guidance as to the timing of a new coal policy has been provided. Consequently, the activities on the Elan project remain on pause.

8. Non-current assets – exploration and evaluation expenditure (continued

As a result of the above, there is a material uncertainty arising from the regulatory risk relating to the outcome of the Coal policy which may impact the exploration activities in the Elan Project in the future.

At 31 December 2021, the Group continues to carry the acquisition costs of Elan Project under accounting standard AASB 6 on the basis that:

(a) the Group believes that the freeze on exploration activities is temporary and that it is very likely that exploration activities will be allowed to resume with the new Coal Policy;
(b) the Group has incurred substantial exploration costs to date and has plans to resume exploration and evaluation activities;
(c) the results of recent drillings and work done on the pre-feasibility study are promising;
(d) the carrying amount of the exploration and evaluation asset of the project which represents the capitalised acquisition cost of the project, is expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.
(e) the tenements are in good standing and the Group intends to keep the tenements in good standing whilst it completes the desktop studies and maintain the environmental baseline studies.

9. Current liabilities - trade and other payables

	Consolidated	
	2021	2020
	$	$
Trade payables	**298,153**	1,675,012
Groundhog royalty	**108,720**	-
Other payables	**79,122**	91,833
	485,995	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 and other payables their carrying value is assumed to approximate their fair value.

Information about the Group's exposure to credit risk is disclosed in Note 19.

10. Issued Share Capital

	2021		2020	
	Number	$	Number	$
(a) Issued and paid up capital				
Ordinary shares – fully paid	**687,738,336**	**128,881,578**	**580,649,344**	125,855,686
	687,738,336	**128,881,578**	**580,649,344**	125,855,686

(b) Movements in share capital:

	Number	$
Ordinary shares – fully paid		
Balance at 1 January 2021	580,649,344	125,855,686
Exercise of listed options [1]	682,309	136,462
Entitlement issue[2]	105,806,683	3,174,200
Exercise of performance rights[3]	600,000	-
Capital raising costs	-	(281,370)
Balance at 31 December 2021	**687,738,336**	**128,881,578**

During the year ended 31 December 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. Completed an entitlement issue of 105,806,683 shares at a price of $0.03 each
3. issued 600,000 shares with respect to the exercise of performance shares (Class 34P)

Capital raising costs of $281,370 in total were incurred with respect to the placement.

10. Issued Share Capital (continued)
(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**

(c) Movements in unlisted performance rights:

	2021 Number	2020 Number
Balance at the start of year	11,069,400	12,150,000
Granted	-	7,776,800
Vested	(600,000)	(2,357,400)
Expired/cancelled	(3,605,400)	(6,500,000)
Balance at close of year	**6,864,000**	**11,069,400**

The vesting conditions are as follows:

Class 34P:
Performance Rights will vest and become convertible into Shares upon achievement of a 200mt JORC Measured and Indicated resource estimate at an Elan project or projects i.e. this could be 200mt Measured and Indicated resource estimate across one project (e.g. Elan South) or across multiple projects (e.g. Elan South plus Isolation South plus Wildcat). Needs to be verified by the Company's independent geologist and performance rights only vest once the independent JORC report is submitted and signed off by the Company's independent geologist. These hurdles were achieved, and the rights vested during the year.

Class 35P:
Performance Rights will vest and become convertible into Shares upon achievement of a 100mt JORC Reserve estimate on any Elan project i.e. this must be 100mt JORC Reserve estimate on a single project. It must be verified by the Company's independent engineering consultant based on a preliminary feasibility study or feasibility study; it must consist of only JORC Measured and Indicated resource estimate on a single project (e.g. Elan South, or Isolation South etc) and can be a combination of Proven and Probable Reserve under the JORC code. At 31 December 2021, the Company considered that it is more likely than not that these rights will vest.

Class 36P:
Performance Rights will vest and become convertible into Shares upon the Company obtaining Alberta Government approval to allow Atrum to proceed with permitting an open cut mine at Elan – this can only be granted once a full Environmental Impact Study or Assessment is undertaken and submitted to the Alberta Government in preparation for a mining license. It will require at least two years of environmental monitoring of the site. It is granted by the relevant government authority. At 31 December 2021, the Company considered that it is more likely than not that these rights will vest.

Class 37P:
Performance Rights will vest and become convertible into Shares upon the Company being granted a Mining Permit on any project at Elan - again, this can only be granted once a mining lease application has been submitted to the relevant government authority. The submission must include detailed mine plans, water management plans, environmental management plans, infrastructure plans, economic impact assessment etc. It is granted by the relevant government authority. Once granted, the Company may begin construction of a mine. At 31 December 2021, the Company considered that it is more likely than not that these rights will vest.

Class 38P:
Performance Rights will vest and become convertible into Shares upon the Company securing appropriate finance to complete the development and construction of an Elan mine through first production, completion of construction of the plant and achievement of the first 500,000 tonnes on rail to the port. At 31 December 2021, the Company considered that it is more likely than not that these rights will vest.

10. Issued Share Capital (continued)
(c) Movements in unlisted performance rights: (continued)

Year ended 31 December 2021

Class	Balance at start of year	# Granted during the year	Vested and Exercised	Cancelled/ Forfeited	Balance at end of year	Value Vested during the year ($)
34P	601,800	-	(600,000)	(1,800)	-	(35,160)
35P	2,972,600	-	-	(1,084,600)	1,888,000	(2,173)
36P	2,972,400	-	-	(1,084,400)	1,888,000	(2,771)
37P	3,522,600	-	-	(1,434,600)	2,088,000	(16,372)
38P	1,000,000	-	-	-	1,000,000	22,500
	11,069,400	**-**	**(600,000)**	**(3,605,400)**	**6,864,000**	**(33,976)**

Year ended 31 December 2020

Class	Balance at start of year	# Granted during the year	Vested and Exercised	Cancelled/ Forfeited	Balance at end of year	Value Vested during the year ($)
34P	2,800,000	1,659,200	(2,357,400)	(1,500,000)	601,800	606,779
35P	2,800,000	1,672,600	-	(1,500,000)	2,972,600	60,917
36P	2,800,000	1,672,400	-	(1,500,000)	2,972,400	40,376
37P	3,750,000	1,772,600	-	(2,000,000)	3,552,600	41,750
38P	-	1,000,000	-	-	1,000,000	11,404
	12,150,000	**7,776,800**	**(2,357,400)**	**(6,500,000)**	**11,069,400**	**761,226**

(d) Movements in unlisted options

	31 December 2021		31 December 2020	
	Number	Price*	Number	Price*
Balance at the start of year	**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	**(15,160,000)**	**$ 0.37**	(10,850,000)	$ 0.38
Balance at close of year	**9,685,000**	**$ 0.46**	24,845,000	$ 0.41

* Weighted average exercise prices

During the year ended 31 December 2021, the Company did not grant any options to Key Management Personnel and employees:

Outstanding unlisted options at 31 December 2020 are as follows:

Expiry Date	Exercise Price*	Number of Options Outstanding	Number of Exercisable Options	Average Remaining Life (Years)
20 February 2022	$ 0.10	100,000	100,000	0.1
23 April 2022	$ 0.22	100,000	100,000	0.3
30 June 2022	$ 0.45	5,100,000	5,100,000	0.5
30 June 2023	$0.50	1,000,000	1,000,000	1.5
30 June 2024	$0.60	1,000,000	1,000,000	3.5
30 June 2025	$0.70	1,000,000	1,000,000	4.5
21 August 2025	$0.30	1,385,000	1,385,000	3.6
	$0.46	**9,685,000**	**9,685,000**	**1.56**

10. Issued Share Capital (continued)
(d) Movements in unlisted options: (continued)

The fair values of options granted during the years ended December 31, 2021 and 2020 were estimated at the grant date using the Black-Scholes option pricing model with

(i) the following weighted average assumptions:

	2021	2020
Expected annual volatility*	86% - 89%	86% - 89%
Risk-free interest rate	0.26% -0.40%	0.26% -0.40%
Expected life	1.00 – 4.76 years	1.00 – 4.76 years
Stock Price at grant date	$0.225-$0.30	$0.225-$0.30
Expected dividend yield	0%	0%
Estimated forfeitures	0%	0%

* The expected stock price volatility was estimated by reference to historical volatility of the Company's shares listed on the ASX with a comparable period in their lives.

11. Commitments

Exploration commitments

Under Canadian legislation there is no minimum expenditure commitments in relation to the tenements held by the Company. The Company has minimum annual rents due on its projects as follows:

	2021 $	2020 $
Less than one year	**292,260**	251,909
Between one and five years	**292,260**	292,260
More than five years	-	-
	584,520	544,169

Groundhog Anthracite Project

Annual Royalty	CAD100,000 per annum (until production royalty commences, at which stage it is offset against future production royalties)

12. Contingent liabilities

The following contingent liabilities exist in relation to the Company's projects located in British Columbia, Canada.

Performance Bonus	CAD1,000,000 (upon the delineation of the first 200Mt of coal of a JORC Indicated status - to the extent that it can be considered a proven reserve)
	CAD500,000 (upon the delineation of each subsequent 100Mt of coal of a JORC Indicated status - to the extent that it can be considered a proven reserve)
BFS Bonus	CAD1,000,000 (upon completion of a positive BFS, paid 50% cash and 50% shares at the election of the Company)
Production Bonus	CAD1,000,000 (upon commencement of production, paid 50% cash and 50% shares at the election of the Company)
Production Royalty	1% of ex-mine gate price of all saleable coal to Clive Brookes syndicate
	1% gross revenue royalty or a US1/tonne royalty (whichever is the higher) payable on anthracite produced from the assets acquired from Anglo Pacific only.
Future Royalty to Anglo Pacific	0.5% of FOB port selling price royalty overall production within Atrum's Groundhog Anthracite Project tenements for a period of ten years from the date that Atrum commences commercial production on the project; and subsequently 0.1% royalty from production within the Ground North Mining Complex project area.

Groundhog and Panorama Project

Future Royalty to Panstone Mines and Minerals Inc.	C$1.60 per tonne of saleable coal based on the tonnes of coal actually produced and sold.

13. Financial reporting by segments

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; and
- All other segments – primarily involving corporate management and administration.

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

Year ended 31 December 2021	Exploration $	All Other Segments $	Consolidated $
Segment loss	(10,671,330)	(679,998)	(11,351,328)
Segment assets	10,208,760	1,513,644	11,722,404
Segment liabilities	(3,453,339)	(100,488)	(3,553,827)
Other segment information included in segment loss			
Interest revenue	-	4,845	4,845
Segment profit/(loss)	(10,671,330)	(679,998)	(11,351,328)

Year ended 31 December 2020	Exploration $	All Other Segments $	Consolidated $
Segment loss	(21,390,266)	(4,379,094)	(25,769,360)
Segment assets	13,190,255	4,499,098	17,689,353
Segment liabilities	(1,473,587)	(293,258)	(1,766,845)
Other segment information included in segment loss			
Interest revenue	-	12,625	12,625
Segment profit/(loss)	(21,390,266)	(4,379,094)	(25,769,360)

14. Related party transactions

(a) Key management personnel

	Consolidated 2021 $	Consolidated 2020 $
Short-term benefits (including superannuation)	**758,432**	814,651
Share-Based Payments	**(209,245)**	1,843,075
	549,187	2,657,726

Detailed remuneration disclosures are provided in the audited Remuneration Report in the Directors' Report.
Other than the foregoing, there was no additional related party transaction.

14. Related party transactions (continued)
(c) Subsidiaries

The consolidated financial statements include the financial statements of Atrum Coal Ltd. and the subsidiaries listed in the following table:

	Country of Incorporation	% Equity Interest 2021	2020	Description of Activities
Atrum Coal Australia Pty Ltd	Australia	100	100	Dormant
Atrum Coal Groundhog Inc*	Canada	100	100	Development of Groundhog Anthracite Project
Atrum Coal Peace River Inc*	Canada	100	100	Dormant
Atrum Coal Naskeena Inc*	Canada	100	100	Dormant
Atrum Coal USA Inc	USA	100	100	Dormant
Atrum Coal Panorama Inc	Canada	100	100	Development of Panorama Anthracite Project
Elan Coal Ltd	Canada	100	100	Development of Elan Project

*Atrum Coal Groundhog Inc., Atrum Coal Peace River Inc., Atrum Coal Naskeena Inc. and Atrum Coal USA Inc. have financial years of 30 June. There are no significant restrictions on the ability of the subsidiaries to transfer funds to the parent entity to pay dividends or loans.

(d) Parent entity

Atrum Coal Ltd. is the ultimate Australian parent entity and ultimate parent of the Group.

15. Parent entity disclosures
(a) Summary financial information

	Parent Entity 2021 $	Parent Entity 2020 $
Financial Position		
Assets		
Current assets	**1,513,644**	4,499,098
Non-current assets	**12,900,582**	12,903,996
Total Assets	**14,414,226**	17,403,094
Liabilities		
Current liabilities	**100,488**	293,258
Total Liabilities	**100,488**	293,258
Equity		
Issued capital	**128,881,578**	125,855,686
Accumulated losses	**(125,940,398)**	(120,202,959)
Share Based Payment Reserve	**11,372,558**	11,457,109
Total Equity	**14,313,738**	17,109,836
Financial Performance		
Loss for the period	**(5,737,439)**	(29,525,422)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(5,737,439)**	(29,525,422)

(b) Guarantees

Atrum Coal Ltd. has not entered into any guarantees in relation to the debts of its subsidiaries.

(c) Other Commitments and Contingencies

Atrum Coal Ltd. has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the amounts disclosed in note 12.

16. Financial instruments

Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Risk exposures and responses

Market Risk
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign Currency Risk
Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the Group. The Group has deposits that are denominated in both Canadian and Australian dollars. At the year end the majority of deposits were held in Australian dollars. The Group treasury function manages the purchase of foreign currency to meet operational requirements. The Group manages its exposure to foreign currency risk through utilising forward exchange contracts. The impact of reasonably possible changes in foreign rates for the Group is not material.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	$	$	**$**	$
Consolidated				
Australian Dollars	**1,503,677**	4,490,703	**(98,998)**	(254,202)
Canadian Dollars	**592,512**	4,366,941	**(278,277)**	(1,512,643)
US Dollars	**17,577**	16,847	**-**	-
	2,113,766	8,874,491	**(377,275)**	(1,766,845)

The Group had net foreign currency assets of $331,812 as at 31 December 2021 (2020: $2,871,145). Based on this exposure alone, had the Australian dollar moved against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been affected as follows:

	Loss		Equity	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Movement in Australian dollar against foreign currency:	*Increase/ (decrease)*	*Increase/ (decrease)*	*Increase/ (decrease)*	*Increase/ (decrease)*
Strengthening of AUD by 10%	**(33,181)**	(287,114)	**94,454**	94,454
Weakening of AUD by 10%	**33,181**	287,114	**(94,454)**	(94,454)

16. Financial instruments (continued)

Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out of 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Company has no variable rate interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The Offset Loan Agreement charges an interest rate of 10% per annum on outstanding balances, capitalised until the maturity of the loan. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

As at reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	2021	2020
	$	$
Financial Assets		
Cash and cash equivalents (interest-bearing accounts)	**1,736,491**	4,281,716
Net exposure	**1,736,491**	4,281,716

During the year ended 31 December 2021, the Company earned interest on its financial assets.

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectation of the settlement period of all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

31 December 2021	Interest Rate* %	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Financial Assets						
Non-interest bearing		289,957	-	-	-	289,957
Variable interest rate instruments	0%	234,321	-	-	-	234,321
Variable interest rate instruments	1.05%	1,589,488	-	-	-	1,589,488
		2,113,766	**-**	**-**	**-**	**2,113,766**
Financial Liabilities						
Non-interest bearing		(377,275)	-	-	-	(377,275)
Interest bearing – fixed rate						
		(377,275)	**-**	**-**	**-**	**(377,275)**
Net Financial Assets		**1,736,491**	**-**	**-**	**-**	**1,736,491**

* weighted average effective interest rate

31 December 2020	Interest Rate* %	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Financial Assets						
Non-interest bearing		795,470	-	-	-	**795,470**
Variable interest rate instruments	0%	900,940	-	-	-	**900,940**
Variable interest rate instruments	1.05%	7,177,080	-	-	-	**7,177,080**
		8,873,490	**-**	**-**	**-**	**8,873,490**
Financial Liabilities						
Non-interest bearing		(1,766,845)	-	-	-	(1,766,845)
Interest bearing – fixed rate						
		(1,766,845)	**-**	**-**	**-**	**(1,766,845)**
Net Financial Assets		**7,106,645**	**-**	**-**	**-**	**7,106,645**

* weighted average effective interest rate

16. Financial instruments (continued)

Net fair value of financial assets and liabilities
The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

Interest Rate Sensitivity Analysis
At 31 December 2021 the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2021 $	2020 $
CHANGE IN LOSS		
Increase in interest rate by 1%	18,238	80,780
Decrease in interest rate by 1%	(18,238)	(80,780)

	2021 $	2020 $
CHANGE IN EQUITY		
Increase in interest rate by 1%	101,222	101,222
Decrease in interest rate by 1%	(101,222)	(101,222)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has no significant exposure to liquidity risk. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained. All financial liabilities are due within 30 days.

Remaining contractual maturities
The following table details the expected maturity of the Group's financial liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

Consolidated	W.Av Interest Rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	Remaining contractual maturities $
31 December 2021						
Non-derivatives - *Non-interest bearing*						
Trade and other payables	-	377,275	-	-	-	-
Total non-derivatives		**377,275**	-	-	-	-
Derivatives		-	-	-	-	-
Total derivatives		-	-	-	-	-

Consolidated	W.Av Interest Rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	Remaining contractual maturities $
31 December 2020						
Non-derivatives - *Non-interest bearing*						
Trade and other payables	-	1,766,845	-	-	-	-
Total non-derivatives		**1,766,845**	-	-	-	-
Derivatives		-	-	-	-	-
Total derivatives		-	-	-	-	-

16. Financial instruments (continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group operates in the mining exploration sector; it therefore does not have trade receivables and is not exposed to credit risk in relation to trade receivables. The Group does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Group does not hold any credit derivatives to offset its credit exposure which is considered appropriate for a junior explorer.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables. The nature of the business is such that it is common not to maintain material receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group's cash deposits are held with a major Australian banking institution - Commonwealth Bank of Australia, otherwise, there are no significant concentrations of credit risk within the Group. The Company also holds bank accounts with TD Canada Trust.

Capital Management Risk

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

The Group has in place the Offset Loan Agreement and trade payables. There have been no changes in the strategy adopted by management to control capital of the Group since the prior year.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Commodity Price Risk

The Group's exposure to commodity price risk is limited given the Group is still in the development phase.

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

17. Key management personnel

Refer to note 14 for details of remuneration paid to key management personnel and other related party transactions.

18. Share based payments

The follow table outlines the share-based payment expense for the year ended 31 December 2021:

	$
Share based payment expense for the year ended 31 December 2021	(86,734)
Share based payment expense for the year ended 31 December 2020	3,257,173

The following outlines the fair value calculations for share based payments issued during the period:

	2021 $	2020 $
Performance rights to Directors(i)	**201,900**	886,874
Performance rights to Staff(i)	**43,350**	115,133
Cancelled/expired performance rights	**(279,227)**	(240,781)
Unlisted options to Directors	**19,770**	955,902
Unlisted options to Staff	**102,493**	1,048,360
Cancelled/expired Options	**(175,022)**	371,685
Shares to Royalty holder (note 12)	**-**	120,000
	(86,734)	3,257,173

18. Share based payments (continued)

(i) Performance Rights

No performance rights were granted during the year ended 31 December 2021. Details of performance rights movements and balances are set out in Note 10(c).

(ii) Options

(a) Options granted during the year

During the year ended 31 December 2021, Nil (2020: 11,165,000) unlisted options were issued as remuneration to the Directors and employees, and 15,160,000 options with an average exercise price of $0.37 expired unexercised. Vesting for the current year resulted in share-based expenses of $(52,759) (2020: $2,375,947).

19. Reserves

	Consolidated	
	2021	2020
	$	$
Balance at start	**11,905,578**	9,239,853
Share based payment	**(86,734)**	3,137,173
Foreign currency translation reserve	**658,238**	(471,448)
Balance at end	**12,477,083**	11,905,578

Nature and purpose of reserves

Share based payments reserve
The reserve is used to record the fair value of share-based payments, such options and performance rights, issued as remuneration to employees, or as consideration for the purchase of assets, services, or extinguishment of liabilities.

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

20. Revenue from continuing operations

(a) During the year ended 31 December received $412,368 as Mineral Exploration Tax Credit from the government of British Columbia for work done on the Groundhog project in past years.
(b) The Company received $444,706 as a refund of expenditure incurred on the Panorama and Groundhog project for work done and annual tenure payments further to the Joint Venture agreement with JOGMEC. JOGMEC owns a 35% interest in Panorama project and has a earn-in agreement with the Company for a 10% interest in Groundhog.

21. Events since the end of the financial year

(i) The Managing Director and CEO resigned from the Company. As a result, 4,000,000 performance rights expired unexercised.
(ii) 100,000 unlisted options exercisable at a price of $0.10 expired unexercised
(iii) The Company issued 3,630,000 shares in lieu of a payment of C$100,000 in cash pursuant to the annual advance royalty payable on the Groundhog project.
(iv) On 7 March 2022, a Ministerial Order established an interim framework whilst the Government of Alberta continues to work towards a new coal policy. The Order reaffirms the Alberta 1976 Coal Policy and freezes all coal exploration and development on the Eastern Slopes, where the Elan project is located. Reclamation, security and safety activities can be undertaken on the exploration sites. No guidance as to the timing of a new coal policy has been provided. As a result the activities on the Elan project remain on pause. Refer Note 8 for further details.

There are no other matters or circumstances that have arisen since the end of the financial year 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 in future financial years.

DIRECTORS DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date.

2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. The Directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A.

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

Richard Barker
31 March 2022

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

As lead auditor of Atrum Coal Limited for the year ended 31 December 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 31 March 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Atrum Coal Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Atrum Coal Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) 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 opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 8 of the financial report, which describes the material uncertainty arising from the regulatory risk associated with the Elan exploration project. Our opinion is not modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 8 to the financial report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group. Refer to Note 8 of the financial report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (AASB 6), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to the following: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programs in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed at balance date to suggest impairment testing was required; • Considering events subsequent to balance date (refer Note 21), and whether this impacted the carrying value of exploration and evaluation assets at balance date; and • Assessing the adequacy of the related disclosures in Note 8 to the financial report.

BDO

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Atrum Coal Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 31 March 2022

Shareholders' information set out below was applicable as at 25 March 2022

Unlisted Options and Performance Rights

The Company has the following unlisted securities on issue:

- 100,000 Options exercisable at $0.22 each expiring 23/04/2022 held by 1 option holder;
- 5,900,000 Options exercisable at $0.45 each expiring 30/06/2022 held by 10 option holders;
- 1,800,000 Options exercisable at $0.40 each expiring 30/06/2022 held by 2 option holders;
- 1,000,000 Options exercisable at $0.50 each expiring 30/06/2023 held by 1 option holders;
- 1,000,000 Options exercisable at $0.60 each expiring 30/06/2024 held by 1 option holders;
- 1,000,000 Options exercisable at $0.70 each expiring 30/06/2025 held by 1 option holders;
- 1,765,000 Options exercisable at $0.30 each expiring 21/08/2025 held by 1 option holders;
- 4,119,600 Performance Rights held by 11 holders

All unlisted Securities have been issued under employee/director incentive scheme

Distribution

The number of ordinary shareholders, by size of holding is:

Spread of Holdings	Holders	% of units
1-1,000	193	0.01%
1,001-5,000	228	0.09%
5,001-10,000	196	0.23%
10,001-100,000	796	4.72%
100,001 - and over	477	94.95%
Total on register	**1,890**	**100.00%**
Total Overseas holders	111	

The number of shareholdings held in less than marketable parcels is 1,065 with a total of 11,784,894Shares.

Substantial Shareholders

The Company has been notified of the following substantial shareholdings:

	Number	Percentage
Timothy Andrew Roberts	105,275,954	19.32
Jay Evan Dale Hughes	30,000,000	5.15%

20 LARGEST HOLDERS OF ORDINARY SHARES AS AT 19 MARCH 2021:

	Fully paid	
Ordinary Shareholder	**Number**	**Percentage**
CITICORP NOMINEES PTY LIMITED	166,250,287	24.05%
AEGP SUPER PTY LTD - <AEGP SUPERANNUATION FUND A/C>	33,000,000	4.77%
BELLGROVE HOLDINGS PTY LTD <DELROY FARMS A/C>	21,605,925	3.13%
INKESE PTY LTD	21,500,000	3.11%
MARFORD GROUP PTY LTD	20,859,206	3.02%
MR BRIAN LAURENCE EIBISCH	18,830,537	2.72%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,719,133	1.70%

	Fully paid	
Ordinary Shareholder	**Number**	**Percentage**
ABROLHOS EDGE PTY LTD <ABROLHOS EDGE SUPER A/C>	11,000,000	1.59%
MR MARTIN JAMES HICKLING & MRS JANE FRANCES HICKLING <M & J HICKLING SUPER A/C>	10,000,000	1.45%
CARJAY INVESTMENTS PTY LTD	9,846,060	1.42%
MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES <HOPERIDGE ENT P/L SUPER A/C>	9,749,240	1.41%
MR JAY HUGHES & MRS LINDA HUGHES <INKESE SUPER A/C>	8,500,000	1.23%
MR NEIL DONALD DELROY <NDD INVESTMENT A/C>	7,707,511	1.11%
TREASURY SERVICES GROUP PTY LTD <NERO RESOURCE FUND A/C>	6,582,132	0.95%
ARELEY KINGS PTY LTD <RAEF A/C>	6,300,000	0.91%
TWO TOPS PTY LTD	6,254,970	0.90%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	5,047,057	0.73%
MR JAY HUGHES	5,000,000	0.72%
MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C>	5,000,000	0.72%
CABLETIME PTY LTD <THE INGODWE A/C>	4,900,439	0.71%
WALLIS-MANCE PTY LIMITED <WALLIS-MANCE FAMILY A/C>	4,875,000	0.71%
	394,527,497	**57.06%**

PARTLY PAID SHARES

The Company does not have any partly paid shares on issue.

Voting Rights

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

On-market buy-back

The Company is not currently conducting an on-market buy-back.

TENEMENT 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

Annual Coal Resource and Reserve Statement

Atrum Coal's global coal resource estimate (as at 30th March 2022) is summarised in **Table 0.1** below. The coal resource estimates tabulated below are reported in accordance with the JORC Code (2012) and were previously announced to the ASX at the specified report date.

Table 0.1 Atrum Coal – Coal Resources (2022)

	Project	Project Area	Owner-ship	Measured Mt	Indicated Mt	Inferred Mt	TOTAL Mt	Ash %	VM %	Report Date	CP*
Elan Hard Coking Coal Project, Alberta	Isolation South	Isolation South	100%	6.9	168	88	262	24.6	21.6	Nov-20	1
	Elan South	Oil Pad Ridge	100%	-	29	50	80	25.0	20.5	Feb-20	1
		South East Corner	100%	-	16	22	38	29.7	20.5	Feb-20	1
		Fish Hook	100%	-	15	11	26	24.2	21.0	Feb-20	1
	Other Elan Northern Tenements	Isolation	100%	-	-	51	51	19.5	18.5	Jan-19	1
		Savanna	100%	-	-	30	30	16.3	20.9	Jan-19	1
		TOTAL		**6.9**	**228**	**252**	**486**				
Groundhog and Panorama Anthracite Projects, BC	Groundhog North	Western Domain	100%	156.1	193	260	609	36.4	6.5	Oct-14	2
		Eastern Domain	100%	-	260	147	407	-	-	May-14	2
	Panorama	Panorama North*	65%	-	-	174	174	33.9	7.6	Apr-19	1
		TOTAL		**156.1**	**453**	**581**	**1,190**				
GRAND TOTAL				**163.0**	**681**	**833**	**1,676**				

Notes on tabulated Coal Resource Estimates:
*Information that relates to Coal Resources is based on, and accurately reflects reports prepared by the following Competent Persons listed in the table above:

1) Brad Willis (Palaris Australia)

2) Nick Gordon (Gordon Geotechniques)

Information that relates to coal resources is based on and accurately reflects reports prepared by the Competent Person named beside the respective project resource estimate. Brad Willis is Principal Geologist with Palaris Australia Pty Ltd. Nick Gordon is Principal Geotechnical Engineer with Gordon Geotechniques Pty Ltd.

The Competent Persons listed above consent to the inclusion of material in the form and context in which it appears. All Competent Persons named are Members of the Australasian Institute of Mining and Metallurgy and/or The Australian Institute of Geoscientists and have the relevant experience in relation to the mineralisation being reported on by them to qualify as Competent Persons as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition).

Exploration and development of the Elan project has been stalled since the Government of Alberta reinstated the 1976 Coal Policy in February 2021. Subsequent Ministerial Orders, including the recent one in March 2021, prevent the ability to further explore the Elan project until further notice. The 1976 Coal Policy does not contain language that categorically denies the ability to extract the resource, rather defers the final decision to Cabinet. Economic extraction of the Elan resource remains possible at some point in future and as such the reasonable prospects of eventual economic extraction (RPEE) remains. The Competent Person has assessed that the reported coal resource estimates for the Elan project prepared in accordance with the JORC Code (2012) is still valid.

With regard to the other coal resource estimates reported, Atrum Coal confirms that a) it is not aware of any new information or data that materially affects the information included in the original announcements and b) all material assumptions and technical parameters underpinning the Coal Resources included in the original announcements continue to apply and have not materially changed and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original announcements.

Coal resources for the Elan, Groundhog and Panorama projects remain unchanged since the previous year's estimates. Atrum Coal is unaware of any new information or data that materially affects the information included in the original announcements. A comparison between the 2022 global resource estimate and the previous reporting year are provided in **Error! Reference source not found.** below.

Table 0.2 Comparison of 2022 and 2021 Resource estimates

		Coal Resources (Mt) at March 2022				Coal Resources (Mt) at March 2021			
Project	**Project Area**	**Measured**	**Indicated**	**Inferred**	**TOTAL**	**Measured**	**Indicated**	**Inferred**	**TOTAL**
Elan	Isolation South	7	168	88	262	7	168	88	262
	Elan South	-	60	83	143	-	60	83	143
	Isolation	-	-	51	51	-	-	51	51
	Savanna	-	-	30	30	-	-	30	30
	TOTAL	**7**	**228**	**252**	**486**	**7**	**228**	**252**	**486**
Groundhog North	Western Domain	156	193	260	609	156	193	260	609
	Eastern Domain	-	260	147	407	-	260	147	407
Panorama	Panorama North	-	-	174	174	-	-	174	174
	TOTAL	**156**	**453**	**581**	**1,190**	**156**	**453**	**581**	**1,190**
	GRAND TOTAL	**163**	**681**	**833**	**1,676**	**163**	**681**	**833**	**1,676**

Competent Persons Statement

This Annual Coal Resource and Reserve Statement is based on, and fairly represents, information and supporting documentation compiled by Mr Brad Willis, who is a Member of the Australasian Institute of Mining and Metallurgy (205328).

Brad Willis is Principal Geologist at Palaris. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Willis has 20 years' experience in exploration and mining of coal deposits. Mr Willis consents to the inclusion of this Annual Coal Resource and Reserve Statement disclosed by the Company in the form in which it appears.

Neither Mr Willis nor Palaris have a direct or indirect financial interest in, or association with Atrum Coal, the properties and tenements reviewed in this statement, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. In preparing this Annual Coal Resource and Reserve Statement, Palaris has been paid a fee for time expended on this report. The present and past arrangements for services rendered to Atrum Coal do not in any way compromise the independence of Palaris with respect to this estimate.

Competent Person	
Mr Brad Willis Member AusIMM (#205328) Principal Geologist Palaris Australia Pty Ltd	***Signature*** BWillis