Atrum Coal
COAL FOR STEEL

Annual Report
Year ended 31 December 2022

DIRECTORS

Glen Koropchuk (Non-Executive Chairman) (*appointed on 26 March 2021*)
Richard Barker *(appointed 4 February 2019, resigned on 31 December 2022)*
Andrew Caruso *(appointed as CEO on 12 May 2020, resigned 27 April 2022 and as Managing Director on 12 August 2020, resigned on 1 February 2022)*
William (Bill) Fleming *(appointed on 24 February 2020, resigned on 9 June 2022)*
Jeff Gerard *(appointed on 26 March 2021, resigned on 1 December 2022)*
Anita Perry *(appointed on 26 March 2021)*
Kelvin Flynn (*appointed on 1 December 2022*)
Konrad de Kerloy (*appointed on 1 January 2023*)

COMPANY SECRETARY

Nova Taylor (appointed on 25 January 2021)
Justyn Stedwell *(appointed 1 May 2017, resigned on 3 February 2022)*

REGISTERED AND PRINCIPAL OFFICE

Level 5, 126 Phillip St, Sydney NSW 2000

Phone: +61 (0) 3 8678 4091

Website: www.atrumcoal.com
Email: info@atrumcoal.com

SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip St,
Sydney NSW 2000

Telephone: +61 2 9698 5414

AUDITORS

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

SOLICITORS

Australia
DLA Piper Australia
Level 22, No 1 Martin Place
Sydney NSW 2000
Australia

Canada
Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street SW
Calgary, AB T2P 5H1

AUSTRALIAN SECURITIES EXCHANGE

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

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 2022. 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:

DIRECTORS

Glen Koropchuk (Non-Executive Chairman) (*appointed on 26 March 2021*)
Richard Barker *(appointed 4 February 2019, resigned on 31 December 2022)*
Andrew Caruso *(appointed as CEO on 12 May 2020, resigned 27 April 2022 and as Managing Director on 12 August 2020, resigned on 1 February 2022)*
William (Bill) Fleming *(appointed on 24 February 2020, resigned on 9 June 2022)*
Jeff Gerard *(appointed on 26 March 2021, resigned on 1 December 2022)*
Anita Perry *(appointed on 26 March 2021)*
Kelvin Flynn (*appointed on 1 December 2022*)
Konrad de Kerloy(*appointed on 1 January 2023*)

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 currently in office 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 also served on the Orezone- Bombore Project: Steering Committee and the Environmental, Social and Governance Committee until November 2022, when the Bombore Gold mine successfully completed commissioning.

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 completed her work at BP in 2019. Mrs. Perry resides in Alberta.

Kelvin Flynn (appointed on 1 December 2022)

Mr. Flynn is a Chartered Accountant with over 31 years' experience in investment banking and corporate advisory roles, including private equity and special situations investments in the mining and resources sector. He has held various leadership positions in Australia and Asia, having previously held the position of Executive Director/Vice President with Goldman Sachs and Managing Director of Alvarez & Marsal in Asia. He has worked in complex financial workouts, turnaround advisory and interim management. Mr. Flynn is currently the Managing Director of the specialist alternative funds manager Harvis, which focuses on structured credit finance, investments and advice in the real estate and natural resources sectors. Mr Flynn is currently a Non-Executive Director of ASX listed Mineral Resources Limited and Silver Lake Resources Ltd.

Konrad de Kerloy (appointed on 1 January 2023)

Mr. de Kerloy is an experienced trial and appellate advocate. He has appeared as lead counsel in cases in the High Court, Federal Court, Supreme Court, District Court and the SAT. Konrad specialises in major commercial disputes and dispute resolution involving corporate governance, directors' duties, banking and financial instruments, breaches of contract, professional negligence, corporate insolvency and reconstruction and industrial and employee disputes. Konrad's extensive experience in high stakes disputes will be an asset to Atrum as it continues to advance its claim against the Government of Alberta.

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 6 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. During the year ended 31 December 2022, the Group has commenced a claim against the Government of Alberta for de facto expropriating Elan's coal leases and are also seeking monetary compensation pursuant to the doctrines of private nuisance and unjust enrichment. Atrum is progressing the claim and is currently in the document discovery phase. The Group impaired the carrying value of the Elan project in its books.

OPERATING AND FINANCIAL REVIEW

FINANCIAL POSITION

At 31 December 2022, the Group had cash reserves of $3,684,961 (2021: $1,823,809).

The net assets of the Group decreased by $4,285,287 during the financial year from $8,168,577 to $3,883,289.

FINANCING AND INVESTING ACTIVITIES

During the financial year, the Company issued a total of 691,368,336 shares from an entitlement issue at $0.006 each, raising $4,148,210 (before fees) in cash. In addition, the Company issued 3,630,000 shares in lieu of payment of C$100,000 in advanced royalty on the Groundhog project in BC. During the year, 8,962,500 performance rights were exercised by staff.

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 Company's securities were suspended from quotation on the ASX from the close of trading on Thursday, 9 March 2023.

(ii) Mr. Konrad de Kerloy was appointed Director on 1 January 2023.

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 exploration and development options for the Groundhog and Panorama projects as well as advancing the legal claim against the Government of Alberta regarding the Elan project. The Company may also continue to pursue other potential investment opportunities to enhance shareholder value.

ELAN PROJECT – Crowsnest Pass, Alberta, Canada

Alberta Government reinstates 1976 Coal Policy

On 8 February 2021, the Government of Alberta reinstated the 1976 Coal policy it repealed in 2020 and announced that a consultation process would be completed to inform the formulation of a new coal policy. All Coal Exploration Licences were frozen whilst this process was undertaken.

Following the conclusion of the Government's consultation, it imposed an indefinite moratorium on coal exploration and development on category 2 lands. As a consequence, during the year ended 31 December 2022, the Group has impaired the carrying value of the Elan project.

The Group has commenced a claim against the Government of Alberta for de facto expropriating Elan's coal leases and are also seeking monetary compensation pursuant to the doctrines of private nuisance and unjust enrichment. Atrum is progressing the claim and is currently in the document discovery phase.

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 2022		Period ended 31 December 2021	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Glen Koropchuk	**15**	**15**	20	20
Richard Barker	**15**	**15**	20	20
Andrew Caruso[1]	**1**	**1**	20	20
William (Bill) Fleming[2]	**6**	**6**	20	18
Jeffrey Gerard[3]	**14**	**14**	14	14
Anita Perry	**15**	**15**	14	14
Kelvin Flynn[4]	**1**	**1**	-	-

(1) Resigned on 1 February 2022
(2) Resigned on 9 June 2022
(3) Resigned on 1 December 2022
(4) Appointed on 1 December 2022

REMUNERATION REPORT (AUDITED)

The directors are pleased to present Atrum Coal Ltd.'s remuneration report for the year ended 31 December 2022 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 2021 Annual General Meeting
(g) Other transactions with key management personnel

REMUNERATION REPORT (AUDITED)

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, resigned 31 December 2022)
Andrew Caruso	Chief Executive Officer (appointed on 12 May 2020 resigned 17 April 2022) and Managing Director (appointed on 12 August 2020, resigned on 1 February 2022)
William (Bill) Fleming	Non-Executive Director (appointed 24 February 2020, resigned 9 June 2022)
Jeff Gerard	Non-Executive Director (appointed 26 March 2021, resigned 1 December 2022)
Anita Perry	Non-Executive Director (appointed 26 March 2021)
Kelvin Flynn	Non-Executive Director (appointed on 1 December 2022)

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.

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 27 July 2021 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.

REMUNERATION GOVERNANCE (Continued)

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.

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.

REMUNERATION GOVERNANCE (Continued)

C. Service Agreements (continued)

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

Glen Koropchuk – Non-Executive Chairman

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 Director fee of C$42,500 from 1 August 2021 to 30 September 2022 and subsequently C$85,000 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.

Andrew Caruso – Managing Director and CEO

Agreement Commenced:	12 May 2020
Term of Agreement:	Full time employment
Details:	Salary of C$450,000 per annum plus 50% bonus based on achievement of targets set by the board 3 Months termination notice by Mr. Caruso; six months termination notice if terminated by the Company. For the period from 1 October to 31 December 2021, Mr. Caruso accepted a reduced salary of C$ 350,000 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. Mr. Caruso resigned as Managing Director on 1 February 2022 and as CEO on 17 April 2022.

Richard Barker – Non-Executive Director

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 to 31 July 2022 and subsequently $62,500 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. Mr. Barker resigned on 31 December 2022.

William (Bill) Fleming – Non-Executive Director

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 and 1,300,000 performance rights. Mr. Fleming resigned on 9 June 2022.

Jeffrey Gerard – Non-Executive Director

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. Mr. Gerard resigned on 1 December 2022.

Anita Perry – Non-Executive Director

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 to 30 September 2022 and subsequently $62,500.

Kelvin Flynn – Non-Executive Director

Agreement Commenced:	1 December 2022
Term of Agreement:	No set tenure
Details:	Director's fees A$62,500 per year

Konrad de Kerloy – Non-Executive Director

Agreement Commenced:	1 January 2023
Term of Agreement:	No set tenure
Details:	Director's fees A$62,500 per year

REMUNERATION REPORT (AUDITED) (Continued)

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	**2022**	62,662	-	-	**62,662**	100%	-
Richard Barker[1]	**2022**	36,104	3,635	(118,334)	**(78,595)**	-	-
Andrew Caruso[2]	**2022**	172,206	-	(185,665)	**(13,459)**	-	-
William (Bill) Fleming[3]	**2022**	16,678	-	(49,403)	**(32,725)**	-	-
Jeffrey Gerard[4]	**2022**	23,438	-	-	**23,438**	100%	-
Anita Perry	**2022**	46,131	-	-	**46,131**	100%	-
Kelvin Flynn[5]	**2022**	6,944	-	-	**6,944**	100%	-
Total	**2022**	**364,163**	**3,635**	**(353,402)**	**14,396**		

(1) Resigned on 31 December 2022
(2) Resigned as Managing Director on 1 February 2022 and as Chief Executive Officer on 17 April 2022
(3) Resigned on 9 June 2022
(4) Resigned on 1 December 2022
(5) Appointed on 1 December 2022

A. The estimated options/performance rights value discussed above is calculated at the date of grant using a Black-Scholes model, having regard to the estimated probability, at 31 December 2022, that the vesting conditions will realise. Please refer Note 10(d) for fair value methodology.

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

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

Unlisted Options

During the year ended 31 December 2022, movements in unlisted options were as follows:

	Balance at the start of the year	Granted	Cancelled	Expired/ Forfeited	Balance at the end of the year
Unlisted Options					
Directors					
Andrew Caruso[1]	4,000,000	-	-	(4,000,000)	-
Richard Barker[2]	500,000	-	-	(500,000)	-
William Fleming[3]	500,000	-	-	(500,000)	-
Total	**5,000,000**	**-**	**-**	**(5,000,000)**	**-**

(1) Resigned as Managing Director on 1 February 2022 and as Chief Executive Officer on 17 April 2022
(2) Resigned on 31 December 2022
(3) Resigned on 9 June 2022

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 2022:

	Expensing/(Reversal) of performance rights 2022 ($)
Richard Barker[2]	(118,334)
Andrew Caruso[1]	(185,665)
William Fleming[3]	(49,403)
	(353,402)

(1) Resigned as Managing Director on 1 February 2022 and as Chief Executive Officer on 17 April 2022
(2) Resigned on 31 December 2022
(3) Resigned on 9 June 2022

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					
Richard Barker[2]	1,000,000	-	(1,000,000)	-	-
Andrew Caruso[1]	4,000,000	-	(4,000,000)	-	-
William Fleming[3]	1,000,000	-	(1,000,000)	-	-
Total	**6,000,000**	**-**	**(6,000,000)**	**-**	**-**

(1) Resigned as Managing Director on 1 February 2022 and as Chief Executive Officer on 17 April 2022
(2) Resigned on 31 December 2022
(3) Resigned on 9 June 2022

REMUNERATION REPORT (AUDITED) (Continued)

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

During the year ended 31 December 2022, all outstanding performance rights issued to directors lapsed following their resignation from the board.

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 2022					
Directors					
Richard Barker[1]	2,836,365	-	-	-	2,836,365
Andrew Caruso	1,000,000	-	-	-	1,000,000
William Fleming[2]	540,000	-	-	-	540,000
Total	4,376,365	-	-	-	4,376,365

[1] *Holding at date of resignation on 31 December 2022*
[2] *Holding at date of resignation on 9 June 2022*
[3] *Holding at date of resignation on 1 February 2022*

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 2021 Annual General Meeting

The Company received 1.60% of votes "against" the adoption of the remuneration report for the 2021 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 2022, 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. During the year ended 31 December 2022, the Group has commenced a claim against the Government of Alberta for de facto expropriating Elan's coal leases and are also seeking monetary compensation pursuant to the doctrines of private nuisance and unjust enrichment. Atrum is progressing the claim and is currently in the document discovery phase.

PROCEEDINGS ON BEHALF OF THE COMPANY

Except for the foregoing, 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	
	2022	2021
Auditor's Remuneration		
(a) Non-Audit Services		
Amounts received by, related practices of BDO Audit (WA) Pty Ltd for non-audit services	**5,415**	5,871
	5,415	5,871

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 31 December 2022, 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.

Glen Koropchuk
30 March 2023

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 2022

		Consolidated	
		2022	2021
	Notes	**$**	$
Other income from continuing operations			
Interest income		**1,150**	4,845
Other Income	20	**484,504**	412,368
		485,654	444,706
Expenses			
Administration		**(88,948)**	(88,075)
Compliance & regulatory		**(415,643)**	(418,418)
Consultancy		**-**	(29,379)
Directors' fees (Non-executive)		**(195,593)**	(314,241)
Staffing costs		**(95,826)**	(267,247)
Exploration expenditure		**(2,112,081)**	(10,997,002)
Impairment of exploration and evaluation project		**(5,994,200)**	-
Foreign exchange loss		**(355)**	1,087
Occupancy		**(1,642)**	(19,932)
Public relations and marketing		**(37,000)**	(93,063)
Share based reversals	18	**144,250**	86,734
Travel		**-**	(73,711)
Loss before income tax expense		**(8,311,384)**	(11,351,328)
Income tax expense	2	-	-
Loss after income tax expense		**(8,311,384)**	(11,351,328)
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		**64,282**	658,238
Other comprehensive loss for the year, net of tax		**64,282**	658,238
Total comprehensive loss for the period attributable to members		**(8,247,102)**	(10,693,090)
Loss per share attributable to members of Atrum Coal Ltd.			
Basic (loss) per share – dollars per share	4	**(0.01)**	(0.02)
Diluted (loss) per share – dollars per share		**(0.01)**	(0.02)

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 2022

		Consolidated	
		2022	2021
	Notes	**$**	$
ASSETS			
Current Assets			
Cash and cash equivalents	5	**3,684,961**	1,823,809
Trade and other receivables	6	**138,600**	289,957
Total Current Assets		**3,823,561**	2,113,766
Non-Current Assets			
Reclamation deposits	7	**614,074**	169,028
Exploration and evaluation expenditure	8	**3,528,300**	9,439,610
Total Non-Current Assets		**4,142,374**	9,608,638
TOTAL ASSETS		**7,965,935**	11,722,404
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**686,621**	485,995
Total Current Liabilities		**686,621**	485,995
Non-current liabilities			
Reclamation liability	7	**3,396,025**	3,067,832
Total Non-Current Liabilities		**3,396,025**	3,067,832
TOTAL LIABILITIES		**4,082,646**	3,553,827
NET ASSETS		**3,883,289**	8,168,577
EQUITY			
Issued capital	10	**132,987,641**	128,881,578
Reserves	19	**12,397,116**	12,477,083
Accumulated losses		**(141,501,468)**	(133,190,084)
TOTAL EQUITY		**3,883,289**	8,168,577

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 2022

31 December 2022 Consolidated	Issued Capital $	Share-Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance as at 1 January 2022	**128,881,578**	**11,368,777**	**1,108,306**	**(133,190,084)**	**8,168,577**
Other Comprehensive Income					
Loss for the period	-	-	64,283	(8,311,384)	(8,247,101)
Total comprehensive loss for the period	-	-	64,283	(8,311,384)	(8,247,101)
Transactions with equity holders:					
Securities issued during the period	4,260,737	-	-	-	4,260,737
Capital raising costs	(154,674)	-	-	-	(154,674)
Share-based payments	-	(144,250)	-	-	(144,250)
Total contribution by equity holders	4,106,063	(144,250)	-	-	(3,961,813)
Balance as at 31 December 2022	**132,987,641**	**11,224,527**	**1,172,589**	**(141,501,468)**	**3,883,289**

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**

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

CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Receipts from customer		**484,504**	436,221
Receipts from authorities (GST refunds)		**264,869**	668,119
Mineral exploration tax credit		**-**	403,864
Payments to suppliers and employees		**(747,893)**	(2,838,166)
Interest received		**1,150**	4,845
Exploration expenditure		**(1,655,648)**	(8,105,903)
Net cash used in operating activities	5(a)	**(1,653,018)**	(9,431,020)
Cash flows from investing activities			
Reclamation bonds		**(456,433)**	-
Net cash used in investing activities		**(456,433)**	-
Cash flows from financing activities			
Proceeds from issuance of shares and options		**4,148,210**	3,307,262
Payment of capital raising costs		**(154,674)**	(281,370)
Net cash provided by/(used in) financing activities		**3,993,536**	3,025,892
Net increase/(decrease) in cash and cash equivalents		**1,884,086**	(6,405,129)
Cash and cash equivalents at the beginning of the year		**1,823,809**	8,078,020
Effect of foreign currency translation		**(22,934)**	150,917
Cash and cash equivalents at the end of the year	5	**3,684,961**	1,823,809

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 2022 of $8,311,384 (2021: $11,351,328) and net cash outflows from operating activities of $1,653,018 (2021: $9,431,020). The Group has cash reserves of $3,684,961 at 31 December 2022.

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;
- 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 30 March 2023.

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 and impairment provision

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 and impairment 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 7). Upon the commencement of commercial production, future restoration costs are recognised as mine property assets.

The Company provides 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 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

	Consolidated 2022 $	Consolidated 2021 $
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	**(8,311,384)**	(11,351,328)
Income tax at 25% (2021 27.5%)	**(2,077,846)**	(2,837,832)
Effect of expenses not deductible in determining taxable income	**1,604,491**	86,594
Effect of tax rates in foreign jurisdictions (i)	**(778,677)**	(106,563)
Tax losses and other timing differences not recognised	**552,032**	2,857,801
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

		2022	2021
(ii)	Losses – revenue	**1,587,893**	1,541,779
	Foreign losses - revenue	**16,503,094**	18,220,744
	Other	**20,073**	29,387
		18,111,059	19,791,910

(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 2022 $	Consolidated 2021 $
3. Auditors' remuneration		
(a) Audit services		
The auditor of Atrum Coal Ltd. is BDO Audit (WA) Pty Ltd		
Audit and review services	**61,955**	72,528
	61,955	72,528
(b) Non-audit services		
Amounts received by BDO for non-audit services:		
Preparation and lodgement of income tax returns		
Australia	**5,415**	5,871
	5,415	5,871
4. Earnings per share (EPS)		
Basic loss per share – dollars	(0.01)	(0.02)
Loss used in calculation of basic loss per share	(8,311,384)	(11,351,328)
Weighted average number of ordinary shares outstanding during the year used In the calculation of basic and diluted loss per share	843,111,199	617,017,742
5. Cash and Cash Equivalents		
Cash at bank	**3,684,961**	1,823,809
Deposits at call	**-**	-
	3,684,961	1,823,809

Cash at bank earns interest at floating rates based on daily deposit rates. This note should be read in conjunction with Note 16: Financial instruments. A cheque of $200,000 unpresented at 31 December 2022, was included in trade and other payables. The cheque was cleared after year end.

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

	2022	2021
Loss for the year	**(8,311,384)**	(11,351,328)
Add back:		
Share Based Payments	**(144,250)**	(86,734)
Provision for reclamation expensed	**456,433**	2,891,099
Provision for impairment	**5,994,200**	-
Changes in assets and liabilities:		
Movements in trade and other receivables	**151,357**	505,513
Movement in trade and other payables	**200,626**	(1,389,570)
Net cash flows from operating activities	**(1,653,018)**	(9,431,020)

	Consolidated 2022 $	Consolidated 2021 $
6. Trade & other receivables		
Current		
GST receivables & deposits	**66,597**	236,479
Other Prepayments	**72,003**	53,478
	138,600	289,957

Terms and conditions relating to the above financial instruments:

- There are no past due and impaired other 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.

7. Reclamation Bonds and liability

	Consolidated 2022 $	Consolidated 2021 $
RECLAMATION BOND ASSET		
Balance at start of year	**169,028**	158,147
Additional bonds	**456,433**	-
Exchange difference	**(11,387)**	10,881
Balance at end of year	**614,074**	169,028

During the year ended 31 December 2022 the Group paid amounts totalling $456,433 as additional bond required by the BC mining authorities on the Groundhog and Panorama projects.

RECLAMATION LIABILITY

	Consolidated 2022 $	Consolidated 2021 $
Balance at start of year	**3,067,832**	109,150
Additional bonds	**456,433**	2,812,267
Exchange difference	**(128,240)**	146,415
Balance at end of year	**3,396,025**	3,067,832

During the year ended 31 December 2022 the Group recognised an additional provision for reclamation following the new bond it was required to pay on the Groundhog and Panorama projects. At 31 December 2022, the amount provided for reclamation was broken down into Elan project at $2,269,727 and Groundhog and Panorama projects at $1,126,310.

8. Non-current assets – exploration and evaluation expenditure

	Consolidated 2022 $	Consolidated 2021 $
Groundhog Coal Project	**1,072,063**	1,078,951
Panorama Project	**2,456,237**	2,380,713
Elan Project	**-**	5,979,946
	3,528,300	9,439,610
Opening balance	**9,439,610**	8,657,716
Advanced royalty payment (i)	**112,527**	108,720
Impairment (ii)	**(5,994,200)**	-
Foreign exchange translation differences	**(29,637)**	673,174
Closing Balance	**3,528,300**	9,439,610

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.

(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. During the year ended 31 December 2022, there was an agreement to settle the royalty due through the issuance of 3,360,000 shares.

(ii) During the year ended 31 December 2022, the Group has decided to impair the carrying acquisition costs of the Elan Project under accounting standard AASB 6 on the basis:

- the indefinite moratorium on exploration and development on category 2 lands on which Atrum holds coal leases; and
- market capitalisation position of the Company during the year ended 31 December 2022.

As a result of the indicators of impairment identified, the recoverable value of the Elan Project from successful development or by sale was assessed to be $Nil. Consequently, an impairment charge of $5,994,200 was recognised in the year ended 31 December 2022.

9. Current liabilities - trade and other payables

	Consolidated 2022 $	Consolidated 2021 $
Trade payables	**543,261**	298,153
Groundhog royalty	-	108,720
Other payables	**143,360**	79,122
	686,621	485,995

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 16. See note 5 for unpresented cheque.

10. Issued Share Capital

(a) Issued and paid up capital

	2022 Number	2022 $	2021 Number	2021 $
Ordinary shares – fully paid	**1,391,699,172**	**132,987,641**	687,738,336	128,881,578
	1,391,699,172	**132,987,641**	687,738,336	128,881,578

(b) Movements in share capital:

	Number	$
Ordinary shares – fully paid		
Balance as at 1 January 2022	687,738,336	128,881,578
Shares in lieu of cash payment [1]	3,630,000	112,527
Entitlement issue[2]	691,368,336	4,148,210
Exercise of performance rights[3]	8,962,500	-
Capital raising costs	-	(154,674)
Balance as at 31 December 2022	**1,391,699,172**	**132,987,641**

During the year ended 31 December 2022, the Company

1. During the year ended 31 December 2022, the Company issued 3,630,000 shares to a royalty owner in lieu of the annual advance royalty payment of C$100,000 with respect to the Groundhog project, whose fair value was determined to be A$112,527 on the issue date.
2. Completed an entitlement issue of 691,368,336 shares at a price of $0.006 each. Capital raising costs of $154,674 in total were incurred with respect to the issue.
3. Issued 8,962,500 shares to management with respect to the exercise of performance shares (Class 34P)

	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. Capital raising costs of $281,370 in total were incurred with respect to the placement .
3. Issued 600,000 shares with respect to the exercise of performance shares (Class 34P)

10. Issued Share Capital (continued)

(c) Movements in unlisted performance rights:

	2022 Number	2021 Number
Balance at the start of year	**6,864,000**	11,069,400
Granted	**18,900,000**	-
Vested	**(8,962,500)**	(600,000)
Expired/cancelled	**(6,158,000)**	(3,605,400)
Balance at close of year	**10,643,500**	**6,864,000**

The vesting conditions are as follows:

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 2022, the Company considered that it is more likely than not that these rights will not 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 2022, the Company considered that it is more likely than not that these rights will not 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 2022, the Company considered that it is more likely than not that these rights will not 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 2022, the Company considered that it is more likely than not that these rights will not vest.

Class 39P:
Performance Rights vested immediately upon issue.

Year ended 31 December 2022

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 ($)
35P	1,888,000	-	-	(1,652,600)	235,400	(120,352)
36P	1,888,000	-	-	(1,652,600)	235,400	(81,336)
37P	2,088,000	-	-	(1,852,600)	235,400	(83,108)
38P	1,000,000	10,500,000	(562,500)	(1,000,000)	9,937,500	73,346
39P	-	8,400,000	(8,400,000)	-	-	67,200
	6,864,000	**18,900,000**	**(8,962,500)**	**(6,157,800)**	**10,643,700**	**(144,250)**

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)**

(d) Movements in unlisted options

	31 December 2022		31 December 2021	
	Number	Price*	Number	Price*
Balance at the start of year	**9,685,000**	**$ 0.41**	24,845,000	$ 0.41
Cancelled/Expired	**(8,733,000)**	**$ 0.48**	(15,160,000)	$ 0.37
Balance at close of year	**952,000**	**$ 0.30**	9,685,000	$ 0.46

* Weighted average exercise prices

During the year ended 31 December 2022, the Company did not grant any options to Key Management Personnel and employees:

Outstanding unlisted options at 31 December 2022 are as follows:

Expiry Date	Exercise Price*	Number of Options Outstanding	Number of Exercisable Options	Average Remaining Life (Years)
21 August 2025	$0.30	952,000	952,000	2.6
	$0.30	**952,000**	**952,000**	**2.6**

The fair values of options granted during the years ended December 31, 2022 and 2021 were estimated at the grant date using the Black-Scholes option pricing model with

(i) the following weighted average assumptions:

	2022	2021
Expected annual volatility*	-	86% - 89%
Risk-free interest rate	-	0.26% -0.40%
Expected life	-	1.00 – 4.76 years
Stock Price at grant date	-	$0.225-$0.30
Expected dividend yield	-	0%
Estimated forfeitures	-	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:

	2022 $	2021 $
Less than one year	**322,910**	292,260
Between one and five years	**322,910**	292,260
More than five years	**-**	-
	645,820	584,520

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.

13. Financial reporting by segments (continued)

Year ended 31 December 2022	Exploration $	All Other Segments $	Consolidated $
Segment loss	(7,879,025)	(432,359)	(8,311,384)
Segment assets	4,673,925	3,292,011	7,965,936
Segment liabilities	(3,824,606)	(258,040)	(4,082,646)
Other segment information included in segment loss			
Interest revenue	-	1,150	1,150
Impairment expenses	(5,994,200)	-	(5,994,200)
Segment profit/(loss)	(7,879,025)	(432,359)	(8,311,384)

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)

14. Related party transactions

(a) Key management personnel

	Consolidated	
	2022 $	2021 $
Short-term benefits (including superannuation)	**195,593**	758,432
Share-Based Payments	**(353,402)**	(209,245)
	(157,809)	549,187

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.

(b) 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 2022	2021	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.

(c) 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	
	2022	2021
	$	$
Financial Position		
Assets		
Current assets	**3,292,011**	1,513,644
Non-current assets	**849,318**	12,900,582
Total Assets	**4,141,329**	14,414,226
Liabilities		
Current liabilities	**258,040**	100,488
Total Liabilities	**258,040**	100,488
Equity		
Issued capital	**132,987,641**	128,881,578
Accumulated losses	**(140,285,104)**	(125,940,398)
Share Based Payment Reserve	**11,180,752**	11,372,558
Total Equity	**3,883,289**	14,313,738
Financial Performance		
Loss for the period	**(14,344,706)**	(5,737,439)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(2,391,192)**	(5,737,439)

(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.

16. Financial instruments (continued)

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	
	2022	2021	**2022**	2021
	$	$	**$**	$
Consolidated				
Australian Dollars	**3,281,408**	1,503,677	**(244,319)**	(98,998)
Canadian Dollars	**531,864**	592,512	**(442,302)**	(278,277)
US Dollars	**10,289**	17,577	**-**	-
	3,823,561	2,113,766	**(686,621)**	(377,275)

The Group had net foreign currency assets of $99,851 as at 31 December 2022 (2021: $331,812). 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	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Movement in Australian dollar against foreign currency:	*Increase/ (decrease)*	*Increase/ (decrease)*	*Increase/ (decrease)*	*Increase/ (decrease)*
Strengthening of AUD by 10%	**(9,985)**	(33,181)	**94,454**	94,454
Weakening of AUD by 10%	**9,985**	33,181	**(94,454)**	(94,454)

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.

16. Financial instruments (continued)

Interest rate risk (continued)

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 2022 $	2021 $
Financial Assets		
Cash and cash equivalents (interest-bearing accounts)	**3,147,965**	1,736,491
Net exposure	**3,147,965**	1,736,491

During the year ended 31 December 2022, 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 2022	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		138,600	-	-	-	138,600
Variable interest rate instruments	0%	536,996	-	-	-	536,996
Variable interest rate instruments	1.05%	3,147,965	-	-	-	3,147,965
		3,823,561	**-**	-	-	**3,823,561**
Financial Liabilities						
Non-interest bearing		(686,621)	-	-	-	(686,621)
Interest bearing – fixed rate						
		(686,621)	**-**	**-**	**-**	**(686,621)**
Net Financial Assets		**3,136,940**	**-**	-	-	**3,136,940**

* weighted average effective interest rate

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

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.

16. Financial instruments (continued)

Interest Rate Sensitivity Analysis
At 31 December 2022 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:

	2022 $	2021 $
CHANGE IN LOSS		
Increase in interest rate by 1%	**36,850**	18,238
Decrease in interest rate by 1%	**(36,850)**	(18,238)

	2022 $	2021 $
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 2022						
Non-derivatives - *Non-interest bearing*						
Trade and other payables	-	686,621	-	-	-	-
Total non-derivatives		**686,621**	**-**	**-**	**-**	**-**
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 2021						
Non-derivatives - *Non-interest bearing*						
Trade and other payables	-	377,275	-	-	-	-
Total non-derivatives		**377,275**	**-**	**-**	**-**	**-**
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 2022:

	$
Share based payment expense for the year ended 31 December 2022	(144,250)
Share based payment expense for the year ended 31 December 2021	(86,734)

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

	2022 $	2021 $
Performance rights to Directors(i)	-	201,900
Performance rights to Staff(i)	**213,997**	43,350
Cancelled/expired performance rights	**(358,247)**	(279,227)
Unlisted options to Directors	-	19,770
Unlisted options to Staff	-	102,493
Cancelled/expired Options	-	(175,022)
Shares to Royalty holder (note 12)	-	-
	(144,250)	(86,734)

18. Share based payments (continued)

(i) Performance Rights

No performance rights were granted to directors during the year ended 31 December 2022. Details of performance rights movements and balances are set out in Note 10(c).

(ii) Options

Options granted during the year

During the year ended 31 December 2022, Nil (2020: Nil) unlisted options were issued as remuneration to the Directors and employees, and 8,733,000 options with an average exercise price of $0.48 expired unexercised. Vesting for the current year resulted in share-based expenses of $Nil (2020: $(52,759)).

19. Reserves

	Consolidated	
	2022	2021
	$	$
Balance at start	**12,477,083**	11,905,578
Share based payment	**(144,250)**	(86,734)
Foreign currency translation reserve	**64,283**	658,238
Balance at end	**12,397,116**	12,477,083

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

During the year ended 31 December 2022, the Company received $484,504 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 Company's securities were suspended from quotation on the ASX from the close of trading on Thursday, 9 March 2023.

(ii) Mr. Konrad de Kerloy was appointed Director on 1 January 2023

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 2022 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.

Glen Koropchuk
30 March 2023

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY MELISSA REID TO THE DIRECTORS OF ATRUM COAL LIMITED

As lead auditor of Atrum Coal Limited for the year ended 31 December 2022, 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.

Melissa Reid

Director

BDO Audit (WA) Pty Ltd

Perth

30 March 2023

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box West Perth WA 6872
Australia

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 2022, 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 2022 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.

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. During the year ended 31 December 2022, the Group undertook an impairment assessment and recognised an impairment charge on the Elan Project as disclosed in Note 8. 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; • Evaluating and assessing the accuracy of the Group's calculation on the impairment charge recognised for the year ended 31 December 2022; and • Assessing the adequacy of the related disclosures in Note 8 to the financial report.

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 2022, 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 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 5 to 11 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Atrum Coal Limited, for the year ended 31 December 2022, 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

Melissa Reid

Director

Perth

30 March 2023

Shareholders' information set out below was applicable as at 22 March 2023

Unlisted Options and Performance Rights

The Company has the following unlisted securities on issue:

- 952,000 Options exercisable at $0.30 each expiring 21/08/2025 held by 4 option holders;
- 10,643,700 Performance Rights held by 4 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	178	0.00%
1,001-5,000	211	0.04%
5,001-10,000	176	0.10%
10,001-100,000	680	2.08%
100,001 - and over	528	97.78%
Total on register	**1,773**	**100.00%**
Total Overseas holders	113	

The number of shareholdings held in less than marketable parcels is 1,195 with a total of 25,917,996 Shares.

Substantial Shareholders

The Company has been notified of the following substantial shareholdings:

	Number	Percentage
Timothy Andrew Roberts	311,381,614	22.52
Jay Evan Dale Hughes	143,000,000	10.28%

20 LARGEST HOLDERS OF ORDINARY SHARES AS AT 19 MARCH 2023:

	Fully paid	
Ordinary Shareholder	**Number**	**Percentage**
CITICORP NOMINEES PTY LIMITED	325,291,437	23.37%
Jay ED Hughes	143,000,000	10.28%
Nero Resource Fund	80,450,810	5.78%
Carjay Investments Pty Ltd and Jones	68,844,065	4.95%
AEGP SUPER PTY LTD <AEGP SUPERANNUATION FUND A/C>	66,000,000	4.74%
Mr & Mrs Delroy	43,211,850	3.11%
MARFORD GROUP PTY LTD	41,718,412	3.00%
ABROLHOS EDGE PTY LTD <ABROLHOS EDGE SUPER A/C>	31,000,000	2.23%
RICKENBACKER CAPITAL INVESTMENTS PTY LTD	30,000,000	2.16%
MR BRIAN LAURENCE EIBISCH	20,544,472	1.48%
Charles Fear	20,109,092	1.44%
PARKHEIGHTS PTY LTD	20,000,000	1.44%

HENCONNOR PTY LTD <WARBY SUPER FUND A/C>	14,619,461	1.05%
TWO TOPS PTY LTD	12,509,940	0.90%
CURIOUS COMMODITIES PTY LTD <CURIOUS COMMODITIES TRAD A/C>	11,500,000	0.83%
MR MARTIN JAMES HICKLING & MRS JANE FRANCES HICKLING <M & J HICKLING SUPER A/C>	10,000,000	0.72%
MR CHRISTIAN WILLIAM PATTERSON	8,934,570	0.64%
MR DOUGLAS CULMER HURST	8,272,728	0.59%
MUFASA PTY LTD	8,070,132	0.58%
MR KEVIN JOHN CAIRNS & MRS CATHERINE VALERIE CAIRNS <CAIRNS FAMILY SUPER A/C>	8,000,000	0.57%
	972,076,969	**69.85%**

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 2023) is summarised in Table 1.1 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 dates.

Table 1.1 **Atrum Coal – Coal Resources (2023)**

	Project	Project Area	Owne r-ship	Measured Mt	Indicated Mt	Inferred Mt	TOTAL Mt	Ash %	VM %	Report Date	CP*
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**				

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 (GoA) suspended all approvals for coal exploration on category 2 lands (including the lands on which the Elan project is situated). Subsequently, in March 2022, the GoA announced that the suspension will continue, and no new applications for exploration will be approved, until further notice. Later in 2022, the Company announced it had initiated litigation against the Government of Alberta for de facto expropriating Elan's coal leases and other causes of action as a result of, among other things, the GoA's indefinite moratorium on coal exploration and development..

The Competent Person has assessed that the reported Coal Resource estimates for the Elan project should be withheld until further developments occur that might satisfy as assessment that the Reasonable Prospects of Eventual Economic Extraction can occur within an expected timeframe. With an indefinite moratorium in place such assessment cannot be completed.

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 Groundhog and Panorama North 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 2023 global Resource estimate and the previous reporting year are provided in Table 1.2 below.

Table 1.2 **Comparison of 2023 and 2022 Resource estimates**

		Coal Resources (Mt) at March 2023				Coal Resources (Mt) at March 2022			
Project	**Project Area**	**Measured**	**Indicated**	**Inferred**	**TOTAL**	**Measured**	**Indicated**	**Inferred**	**TOTAL**
Elan	Isolation South	-	-	-	-	7	168	88	262
	Elan South	-	-	-	-	-	60	83	143
	Isolation	-	-	-	-	-	-	51	51
	Savanna	-	-	-	-	-	-	30	30
	TOTAL	**-**	**-**	**-**	**-**	**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	**156**	**453**	**581**	**1,190**	**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