

Interim Financial Report
Six months ended 30 June 2020





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DIRECTORS' REPORT

The Directors of Atrum Coal Limited (the "Company") are pleased to present their report together with the consolidated interim financial statements of the consolidated entity ("Atrum" or the "Group"), being the Company and the entities it controlled for the six months ended 30 June 2020, and the auditor's review report thereon.

DIRECTORS

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

DIRECTORS

Charles Blixt (Non-Executive Chairman)
Richard Barker
Andrew Caruso (appointed CEO on 12 May 2020 and Managing Director on 11 August, 2020)
George Edwards
Charles Fear
William (Bill) Fleming (appointed on 25 February 2020)
Max Wang (Ceased on 11 May 2020)

PRINCIPAL ACTIVITIES

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

FINANCIAL REVIEW AND RESULTS OF OPERATIONS

FINANCIAL REVIEW

During the six months ended 30 June 2020, the Company completed the first part of a two-tranche placement with raising \$15,346,353 in cash before costs, through the issuance of 66,723,273 shares.

During the period to 30 June 2020,

- (i) the Group received \$227,000 in subscriptions for part of the second tranche of the private placement which was closed after 30 June 2020; and
- (ii) 789,667 listed options were exercised at \$0.20 for total proceeds of \$157,933.

FINANCIAL RESULTS

The Group recorded a net loss after tax for the six months to 30 June 2020 of \$8,264,799 (2019: \$8,247,373). Losses are a typical feature of an exploration company such as Atrum at the pre-production stage, as expenditures are made towards exploration and development of mining assets.

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

FINANCIAL POSITION

At 30 June 2020, the Group had cash reserves of \$17,636,104 (31 December 2019: \$10,122,166).

The net assets of the Group increased by \$7,705,842 during the six months from \$17,077,068 to \$24,782,910. This increase was principally a result of an increase in cash following the placement.

FINANCING AND INVESTING ACTIVITIES

During the six months ended 30 June 2020, the Company issued a total of 66,723,273 shares with respect to the first of a two-tranche placement, raising \$15,346,352 in cash. During the same period the Group received \$227,000 in subscriptions for part of the second tranche of the private placement, which was closed after 30 June 2020 and 789,667 listed options were exercised at \$0.20 for total proceeds of \$157,933.

REVIEW OF OPERATIONS

The Directors provide the following comments on the operations of the Group for the six months ended 30 June 2020.

HEALTH, SAFETY AND ENVIRONMENT

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

ELAN PROJECT – Crowsnest Pass, Alberta, Canada

Global resource estimate

Overall Elan Project resource estimate in accordance with JORC (2012) increased to a total of 454Mt (142Mt Indicated and 312Mt Inferred) during the period, as a result of the additional resource definition at Elan South and Isolation South from the 2019 field program. In aggregate, the 2019 Elan Project exploration program delivered an increase in total resources of 156Mt.

The shallow and thick nature of coal deposition across much of the updated Elan Project resources is evidenced by approximately 167Mt of the resource base sitting at less than 100m depth and a total of 278Mt at less than 150m depth.

Atrium confirms that it is not aware of any new information or data that materially affects the information included in Atrium ASX releases dated 10 February and 22 January 2019 relating to the Elan Project resource estimates. All material assumptions and technical parameters underpinning the estimates in these releases continue to apply and have not materially changed.

Scoping Study

The Elan Project Scoping Study was completed and released to the ASX on 16 April 2020. Leading coal technical consultant, Palaris Australia Pty Ltd, was the study manager. Other key consultants included Sedgman, Hatch and WaterSmart.

The Scoping Study demonstrated that development and open-pit mining of the low-strip Isolation South and Elan South deposits under two cases (10Mtpa ROM for 6Mta product HCC, and 7.5Mtpa ROM for 4.5Mtpa product HCC) yields a technically robust, highly economic, world-class operation delivering Tier 1 HCC into seaborne markets (over an initial mine life of 15 - 19 years).

Key economic attributes include:

- Attractive cash operating cost for Elan product HCC averaging US\$81/t FOB (10Mtpa ROM) or US\$84/t (7.5Mtpa ROM), which are comparable with the nearby Teck Resources Elk Valley operations (average opex of C\$105/t FOB in 2019). This operating cost estimate places the Elan Project in the lower second quartile of the global seaborne hard coking coal operating cost curve (based on S&P Global Market Intelligence 2019 FOB cash cost curve).
- Forecast pre-production capital expenditure of US\$683M (10Mtpa ROM) or US\$587M (7.5Mtpa ROM). This represents a highly competitive upfront capital intensity of US\$114 - 131 per tonne of installed saleable HCC production.
- Ungear, real, post-tax NPV9% of US\$790 - 860M and internal rate of return (IRR) of 25 - 26%.
- Upfront capital efficiency (post-tax NPV divided by pre-production capital expenditure) of approximately 1.3x.
- Forecast LOM net cashflow of US\$3.4B (pre-tax) and US\$2.6B (post-tax), with pre-production capital payback of approximately 4 years.

For full details on the Scoping Study outcomes, see Atrium ASX release dated 16 April 2020, Elan Project Scoping Study. Atrium confirms that all material assumptions underpinning the production target and forecast financial information within the Scoping Study continue to apply and have not materially changed.

2020 field program

The 2020 field program is a comprehensive package of field work that includes all necessary components required to underpin the Elan Project Pre-Feasibility Study (PFS). Major field activities underway include a substantial drilling program, further detailed coal quality and washability testing, geotechnical testing, hydrogeology and environmental monitoring, and seismic and topographical surveys.

The 2020 exploration drilling program commenced in late May 2020. The program is focused on Isolation South and has progressed well to date, with expected completion by late September 2020. It consists of 125 rotary air blast (RAB) holes (for approx. 20,000 metres) and 32 large diameter core (LDC) holes (for approx. 6,000 metres). Satisfaction of these drilling objectives is expected to drive substantial upgrades in resource classification at Isolation South, coupled with the potential to deliver further total resource growth also.

An interim resource update on the Elan Project is expected in the December 2020 quarter. For further detail, please refer to Atrium's regular ASX releases providing progress updates on the 2020 drilling program and logged drill results.

Elan Pre-Feasibility Study (PFS)

Key workstreams for the Elan Project PFS were commenced during the period and are progressing well.

The Integrated Delivery Team leadership was finalised with the appointment of highly experienced coal development professional, Ross Melville, as Study Director. Sector-leading key discipline consultants have also been appointed for trade-off studies to finalise PFS inputs – Palaris (geology), SRK Consulting (mining), Sedgman (processing), Hatch (infrastructure and logistics), WaterSmart (water) and PGSC (power).

Coal quality analysis, hydrogeological studies, First Nations and other key stakeholder consultation, and further environmental baseline sampling will remain ongoing post expected completion of the 2020 drilling program in late September. The Elan Project PFS remains on track for delivery in mid-2021.

Alberta Government repeals 1976 Coal Policy

In May 2020, the Alberta Government announced that it would be repealing the Coal Development Policy for Alberta (1976). This repeal was effective from 1 June 2020. Repeal of the policy eliminates the use of coal categories in Alberta, a land use classification system that directed how and where coal leasing, exploration and development could occur. Removal of the outdated coal categories means that the coal industry in Alberta is now subject to the same land use policies as other commodities within the province.

The Elan Project is located on tenure previously deemed to be Category 2 land. Under the previous policy, Category 2 designation referred to land that was generally considered not to be appropriate for open pit coal mining. This meant that any open pit permitting approval for Elan would have required an exemption to be granted. The repeal of the policy means that the prior categorisation of lands is no longer relevant for Atrum. It represents a significant step forward with respect to the targeted future development of the world-class Elan Project.

GROUNDHOG ANTHRACITE PROJECT – British Columbia, Canada

During the period ended 30 June 2020, Atrum signed an agreement with JOGMEC with respect to its Groundhog project. The agreement provides that JOGMEC will earn in 10% of the Groundhog project after spending \$1M on the project within three years. JOGMEC has the option not to proceed with the earn-in after spending a first \$300K on the project. During the option period, JOGMEC will refund the Company for all lease rentals with respect to the tenements of the Groundhog Project.

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

CORPORATE

CEO appointment

During the six months ended 30 June 2020, Mr. Max Wang ceased to be Managing Director and CEO. Mr. Andrew Caruso was appointed as CEO of the Group on 12 May 2020 and then as Managing Director on 11 August 2020.

Non-Executive Director appointment

Mr William (Bill) Fleming was appointed to the Atrum Board as a Non-Executive Director during the period.

Equity raising

Atrum successfully raised approximately A\$22.0 million of new equity funds in mid-April 2020 and July 2020 via the issue of 95.7 million new fully paid ordinary shares in a two-tranche placement at an issue price of A\$0.23 per share.

AGM

Atrum held its 2020 Annual General Meeting (AGM) on 29 June 2020. Given COVID-19 related travel restrictions and gathering size uncertainties, the AGM was held on-line via webcast.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

COVID-19

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

Given the foregoing, the Company deemed that no impairment of its assets is necessary and the basis of estimates and key assumptions used in the audited financial statement for the year ended 31 December 2019 were still applicable.

MATTERS SUBSEQUENT TO REPORTING PERIOD

Other than as noted below, no matters or circumstances have arisen since 30 June 2020 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.

- The Group completed the second tranche of the private placement with the issuance of 28,928,900 shares at \$0.23 each, bringing the total number of shares issued for both tranches I and II to 95,652,173 shares and total proceeds of \$22M.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 11 and forms part of this Directors' Report for the six months ended 30 June 2020.

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



Andrew Caruso
Director

9 September 2020

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF ATRUM COAL LIMITED

As lead auditor for the review of Atrum Coal Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Neil Smith
Director

BDO Audit (WA) Pty Ltd
Perth, 9 September 2020

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months to	
	Note	30 June 2020	30 June 2019
		\$	\$
Revenue			
Interest income		5,713	19,441
Expenses			
Administration		(46,624)	(43,383)
Compliance and regulatory		(173,275)	(151,466)
Consulting		(188,166)	-
Director fees		(150,254)	(102,596)
Staffing costs		(260,908)	(129,388)
Exploration expenditure	6	(6,207,033)	(2,214,130)
Finance costs		-	(2,394)
Foreign exchange gain/(loss)		(6,427)	300
Impairment	6	-	(4,040,719)
Fair value loss on financial asset at fair value through profit or loss	5	-	(46,434)
Occupancy		2,144	(2,753)
Public relations and marketing		(54,910)	(28,037)
Share-based payments	8	(1,101,330)	(1,403,704)
Travel		(83,729)	(102,110)
Loss before income tax expense		(8,264,799)	(8,247,373)
Income tax expense		-	-
Net loss after income tax expense		(8,264,799)	(8,247,373)
Other comprehensive income (loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of foreign operations		(94,249)	593,042
Other comprehensive income for the period, net of tax		(94,249)	593,042
Total comprehensive loss for the period attributable to owners of the Company		(8,359,048)	(7,654,331)
Loss per share		Cents	Cents
Basic and diluted loss per share	3	(1.64)	(1.96)

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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020	31 December 2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		17,636,104	10,122,166
Trade and other receivables	4	1,055,265	715,748
Total Current Assets		18,691,369	10,837,914
Non-Current Assets			
Exploration and evaluation expenditure	6	9,261,930	9,146,410
Reclamation bonds		167,069	170,628
Total Non-Current Assets		9,428,999	9,317,038
Total Assets		28,120,368	20,154,952
LIABILITIES			
Current Liabilities			
Trade and other payables	7	3,337,458	3,077,884
Total Current Liabilities		3,337,458	3,077,884
NET ASSETS		24,782,910	17,077,068
EQUITY			
Issued capital	8	118,643,171	103,906,611
Subscriptions received	8	227,000	-
Reserves – Share based payments		9,419,668	8,318,338
Translation reserve		827,266	921,515
Accumulated losses		(104,334,195)	(96,069,396)
TOTAL EQUITY		24,782,910	17,077,068

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020

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

30 June 2019 Consolidated	Issued Capital \$	Share-Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 January 2019	83,997,420	4,774,799	337,551	(73,059,752)	16,050,018
Other Comprehensive Income					
Share-based payments/Options	-	1,403,704	-	-	1,403,704
Movement in reserve	-	-	593,042	-	593,042
Loss for the period	-	-	-	(8,247,373)	(8,247,373)
Total comprehensive loss for the period	-	1,403,704	593,042	(8,247,373)	(6,250,627)
Transactions with equity holders:					
Securities issued during the period	20,025,400	-	-	-	20,025,400
Capital raising costs	(516,209)	-	-	-	(516,209)
Total contribution by equity holders	19,509,191	-	-	-	19,509,191
Balance as at 30 June 2019	103,506,611	6,178,503	930,593	(81,307,125)	29,308,582
Securities issued during the period	400,000	-	-	-	400,000
Share-based payments/Options	-	2,139,835	-	-	2,139,835
Movement in reserve	-	-	(9,078)	-	(9,078)
Loss for the period	-	-	-	(14,762,271)	(14,762,271)
Balance as at 31 December 2019	103,906,611	8,318,338	921,515	(96,069,396)	17,077,068

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

**CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	30 June 2020	30 June 2019
	\$	\$
Cash flows from operating activities		
Receipts from JV Partner	123,274	281,450
Payments to suppliers and employees	(4,053,233)	(1,043,145)
Receipts from ACG	-	559,528
Interest received	5,713	19,441
Exploration expenditure (net amount)	(3,319,165)	(1,425,454)
Net cash used in operating activities	(7,243,411)	(1,608,180)
Cash flows from investing activities		
Acquisition of mining interest (see note 6)	(115,520)	(109,200)
Net cash used in investing activities	(115,520)	(109,200)
Cash flows from financing activities		
Proceeds from issue of shares	15,504,288	20,000,400
Payment of capital raising costs	(767,728)	(516,209)
Subscriptions received with respect to second tranche	227,000	-
Repayment of borrowings	-	(141,371)
Net cash provided by/(used in) financing activities	14,963,560	19,342,820
Net increase/(decrease) in cash and cash equivalents	7,604,629	17,625,440
Cash and cash equivalents at beginning of the period	10,122,166	3,101,677
Effect of foreign currency translation on cash held	(90,691)	(30,155)
Cash and cash equivalents at end of the period	17,636,104	20,696,962

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

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. REPORTING ENTITY

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

The consolidated interim financial report of the Company for the six months ended 30 June 2020 comprises the Company and its controlled entities (together referred to as the “Group”).

A copy of the consolidated audited financial report of the Group as at and for the year ended 31 December 2019 is available upon request from the Company’s registered office at Suite 103, Level 1, 2 Queen Street, Melbourne, VIC 3000 or at www.atrumcoal.com.

2. BASIS OF PREPARATION

Statement of Compliance

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

The consolidated interim financial report does not include full disclosures of the type normally included in the annual financial report. Accordingly, it is recommended that this report be read in conjunction with the audited financial report of the Company for the year ended 31 December 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Directors on 8th September 2020

Use of Estimates and Judgements

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

The judgements, estimates and assumptions applied in preparing this consolidated interim financial report, including the key sources of estimation uncertainty, were consistent with those applied in the Group’s audited financial report for the year ended 31 December 2019.

Changes in Accounting Policies and Accounting Standards

The accounting policies adopted in this report are consistent with those applied by the Group in its consolidated audited financial report for the year ended 31 December 2019.

3. EARNINGS PER SHARE

	30 June 2020	30 June 2019
Basic loss per share (cents)	(1.64)	(1.96)
Loss used to calculate basic and diluted earnings per share (\$)	(8,264,799)	(8,247,373)
Weighted average number of ordinary shares used to calculate basic and diluted EPS	503,237,403	420,017,866

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. OTHER RECEIVABLES

	30 June 2020 \$	31 December 2019 \$
GST receivable and deposits	927,827	622,468
Deposits and payments in advance	127,438	93,280
	1,055,265	715,748

Terms and conditions relating to the above financial instruments:

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

5. FINANCIAL ASSET AT AMORTISED COST

	30 June 2020 \$	31 December 2019 \$
Financial asset at amortised cost		
Transferred from Inventory	-	599,122
Repayment received	-	(557,242)
Impairment/Expected credit loss provision ¹	-	(46,033)
Exchange loss on translation	-	4,153
Balance at close of period	-	-

⁽¹⁾During the year ended 31 December 2019, the Company received a total of \$557,242 as full and final settlement of the receivable from ACG. Consequently, the balance remaining after the payment of \$46,033 was impaired.

6. EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2020 \$	31 December 2019 \$
Groundhog Project	871,410	860,734
Panorama Project	2,390,698	2,359,362
Elan Project	5,999,822	5,926,314
	9,261,930	9,146,410
Reconciliation		
Balance at start of period	9,146,410	12,622,419
Advanced royalty payment (i)	107,460	109,749
Impairment (ii)	-	(4,150,462)
Foreign exchange translation differences	8,060	564,704
Balance at end of period	9,261,930	9,146,410

- (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.
- (ii) During the year ended 31 December 2019, the Company relinquished several non-core tenements in the Groundhog and Panorama projects. The carrying values of the properties represent the acquisition costs of these tenements and as a result, the impairment has been calculated on the basis of land area relinquished.

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.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

6. EXPLORATION AND EVALUATION EXPENDITURE (continued)

During the six months ended 30 June 2020, the Group incurred total exploration costs of \$6,207,033 (six months to 30 June 2019: \$2,214,130) of which an amount of \$6,022,860 (six months to 30 June 2019: \$2,064,770) was incurred on its flagship Elan project, bringing the cumulative amount spent on the project at 30 June 2020 to \$23,157,163 (31 December 2019: \$17,134,303).

7. TRADE AND OTHER PAYABLES

	30 June 2020 \$	31 December 2019 \$
Trade payables	3,238,231	2,985,883
Other accruals	99,227	92,001
	3,337,458	3,077,884

Terms and conditions relating to the above financial instruments:

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

8. ISSUED CAPITAL

(a) Issued and paid up share capital

	30 June 2020		31 December 2019	
	Number	\$	Number	\$
Issued Capital				
Ordinary shares – fully paid	544,881,432	118,643,171	477,368,492	103,906,611
Total		118,643,171		103,906,611

(b) Movements in share capital:

	Number	\$
Ordinary shares – fully paid		
Balance at 1 January 2020	477,368,492	103,906,611
Private placement ¹	66,723,273	15,346,353
Exercise of listed options ²	789,667	157,934
Capital raising costs	-	(767,727)
Balance at 30 June 2020	544,881,432	118,643,171

During the six months ended 30 June 2020, the Company

1. closed the first tranche of a private placement of a total of 66,723,273 shares at a price of \$0.23 each.
2. issued 789,667 shares pursuant to an exercise of 789,667 listed options at a price of \$0.20 each
3. paid capital raising costs of \$767,727, of which \$767,318 was paid to Argonaut Capital Ltd., a company related to Mr. Fear, as Lead Manager.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

8. ISSUED CAPITAL (continued)

(b) Movements in share capital (continued):

	Number	\$
Ordinary shares – fully paid		
Balance at 1 January 2019	360,830,778	83,997,420
Private placement ¹	114,285,714	20,000,000
Exercise of listed options ²	2,002,000	400,400
Redemption of Kuro Notes ³	250,000	25,000
Capital raising costs	-	(516,209)
Balance at 31 December 2019	477,368,492	103,906,611

During the year ended 31 December 2019, the Company

1. closed a placement of in two tranches, of a total of 114,285,714 shares at a price of \$0.175 each;
2. received proceeds of \$400,400 pursuant to the exercise of 2,002,000 listed options at a price of \$0.20 each;
3. issued 250,000 shares with respect to the conversion of the outstanding \$25,000 convertible Kuro notes.

Capital raising costs of \$516,209 in total were incurred with respect to the placement, of which \$501,229 was paid to Argonaut Capital Ltd., a company related to Mr. Fear.

(c) Movements in unlisted performance rights:

	30 June 2020 Number	31 December 2019 Number
Balance at the start of period	12,150,000	750,000
Granted	6,300,000	12,150,000
Expired/Cancelled	(6,500,000)	(750,000)
Balance at close of period	11,950,000	12,150,000

During the six months ended 30 June 2020, the Company issued 6,300,000 Performance Rights to the directors and 6,500,000 Performance Rights have been cancelled. Each Performance Right is a right to be issued with a single Share upon vesting of the Performance Right, free of encumbrances. No consideration will be payable upon the vesting or conversion of the Performance Rights.

The vesting conditions, which have not been met at 30 June 2020, are as follows:

Class 34:

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

Class 35:

Performance Rights will vest and become convertible into Shares upon achievement of a 100mt JORC Reserve on any Elan project i.e. this must be 100mt JORC Reserve 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 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.

Class 36:

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.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

8. ISSUED CAPITAL (continued)

(d) Movements in unlisted performance rights (continued):

Class 37:

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.

Class 38:

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 to first production, completion of construction of the plant and achievement of the first 500,000 tonnes on rail to the port.

Class	Balance at start of period	# Granted during the period	Vested and Exercised	Cancelled/ Forfeited	Balance at end of period	*Value Vested during the period (\$)
34	2,800,000	1,300,000	-	(1,500,000)	2,600,000	81,996
35	2,800,000	1,300,000	-	(1,500,000)	2,600,000	40,998
36	2,800,000	1,300,000	-	(1,500,000)	2,600,000	27,332
37	3,750,000	1,400,000	-	(2,000,000)	3,150,000	31,512
38	-	1,000,000	-	-	1,000,000	62
	12,150,000	6,300,000	-	(6,500,000)	11,950,000	181,900

Year ended 31 December 2019

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 (\$)
7	312,500	-	-	(312,500)	-	-
8	437,500	-	-	(437,500)	-	-
34	-	2,800,000	-	-	2,800,000	202,981
35	-	2,800,000	-	-	2,800,000	101,491
36	-	2,800,000	-	-	2,800,000	67,660
37	-	3,750,000	-	-	3,750,000	77,672
	750,000	12,150,000	-	(750,000)	12,150,000	449,804

* In determining the value vested in the period, it has been assumed that the performance rights have an 80% probability of being vested.

(c) Movements in unlisted options

	30 June 2020		31 December 2019	
	Number	Price*	Number	Price*
Balance at the start of period	24,630,000	\$ 0.39	17,730,000	\$ 0.68
Granted to directors and employees under ESOP	8,100,000	\$ 0.44	25,100,000	\$ 0.40
Cancelled/Expired ¹	(7,350,000)	\$ 0.35	(18,200,000)	\$ 0.69
Balance at close of period	25,380,000	\$ 0.42	24,630,000	\$ 0.39

* Weighted average prices

¹ During the six months ended 30 June 2020, 7,350,000 options with an average exercise price of \$0.35 expired unexercised.

On 29 June 2020, the Company granted

- (i) 3,100,000 stock options with a fair value of \$177,730 for the purchase of 3,100,000 shares at a price of \$0.30 per share for a period of one year from the date of grant. The stock options vested immediately the grant date. The share price at the date of grant was \$0.22;

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

8. ISSUED CAPITAL (continued)

(d) Movements in unlisted options (continued)

- (ii) 500,000 stock options with a fair value of \$19,887 for the purchase of 500,000 shares at a price of \$0.40 per share for a period of one year from the date of grant. The stock options vested immediately the grant date. The share price at the date of grant was \$0.22;
- (iii) 1,000,000 stock options with a fair value of \$72,945 for the purchase of 1,000,000 shares at a price of \$0.40 per share for a period of two years from the date of grant. The stock options vested immediately the grant date. The share price at the date of grant was \$0.22;
- (iv) 500,000 stock options with a fair value of \$33,254 for the purchase of 500,000 shares at a price of \$0.45 per share for a period of two years from the date of grant. The stock options vested immediately the grant date. The share price at the date of grant was \$0.22;
- (v) 1,000,000 stock options with a fair value of \$86,232 for the purchase of 1,000,000 shares at a price of \$0.50 per share for a period of three years from the date of grant. The stock options vested immediately the grant date. The share price at the date of grant was \$0.22;
- (vi) 1,000,000 stock options with a fair value of \$98,303 for the purchase of 1,000,000 shares at a price of \$0.60 per share for a period of four years from the date of grant. The stock options vested immediately the grant date. The share price at the date of grant was \$0.22
- (vii) 1,000,000 stock options with a fair value of \$91,419 for the purchase of 1,000,000 shares at a price of \$0.70 per share for a period of five years from the date of grant. The stock options vested immediately the grant date. The share price at the date of grant was \$0.22

Outstanding unlisted options at 30 June 2020 are as follows:

Expiry Date	Exercise Price*	Number of Options Outstanding	Number of Exercisable Options	Average Remaining Life (Years)
June 30, 2021	\$ 0.40	10,950,000	10,950,000	1.00
August 5, 2021	\$ 0.10	1,030,000	1,030,000	1.10
February 20, 2022	\$ 0.10	100,000	100,000	1.65
April 23, 2022	\$ 0.22	100,000	100,000	1.82
June 30, 2022	\$ 0.45	10,200,000	10,200,000	2.00
June 30, 2023	\$ 0.50	1,000,000	1,000,000	3.00
June 30, 2024	\$ 0.60	1,000,000	1,000,000	4.00
June 30, 2025	\$ 0.70	1,000,000	1,000,000	5.00
	\$0.42	25,380,000	25,380,000	1.76

The fair values of options granted during the period and year ended 30 June 2020 and December 31, 2019 were estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	2019
Expected annual volatility*	89%	89%
Risk-free interest rate	0.40%	1.44%
Expected life	1 -4 years	1.08 – 3.08 years
Stock Price at grant date	\$0.22	\$0.1-\$0.45
Expected dividend yield	0%	0%
Estimated forfeitures	0%	0%

* The expected stock price volatility was estimated by reference to historical volatility of the Company with a comparable period in their lives.

Subsequent to 30 June 2020, a total of 3,500,000 options exercisable at prices of \$0.40 and \$0.45 on or before 30 June 2021 and 30 June 2022 were cancelled.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

9. SEGMENT REPORTING

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

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

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

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.

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

Period ended 30 June 2019	Exploration \$	All Other Segments \$	Consolidated \$
Segment loss	(6,503,821)	(1,743,552)	(8,247,373)
Segment assets	14,969,178	15,260,155	30,229,333
Segment liabilities	(695,968)	(224,783)	(920,751)
Other segment information included in segment loss			
Interest revenue	-	19,441	19,441
Finance costs	-	(2,394)	(2,394)
Impairment expense	(4,040,719)	-	(4,040,719)
Segment loss	(6,503,821)	(1,743,552)	(8,247,373)

As at 30 June 2020 and 2019, the Group had no development assets.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

10. CONTINGENCIES AND COMMITMENTS

There are no changes in contingent liabilities that occurred during the six months ended 30 June 2020.

11. RELATED PARTY TRANSACTIONS

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

During the period ended 30 June 2020, the Company paid capital raising fees of \$767,318 (exclusive of GST) to Argonaut Capital Limited, a company of which a director was a Non-Executive Director at the time of payment. Other than the foregoing, there was no additional related party transactions.

12. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the six months ended 30 June 2020.

13. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than as noted below, no matters or circumstances have arisen since 30 June 2020 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.

- The Group completed the second tranche of the private placement with the issuance of 28,928,900 shares at \$0.23 each, bringing the total number of shares issued for both tranches I and II to 95,652,173 shares and total proceeds of \$22M.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

DIRECTORS' DECLARATION

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

- a) the financial statements and notes, as set out on pages 6 to 17, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date, and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Andrew Caruso
Director

Perth, Australia
Date: 9th September 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Atrium Coal Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Atrium Coal Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a small, faint BDO logo.

Neil Smith

Director

Perth, 9 September 2020

CORPORATE DIRECTORY

DIRECTORS

Charles Blixt (Non-Executive Chairman)
Richard Barker
Andrew Caruso (Managing Director)
George Edwards
Charles Fear
William (Bill) Fleming

COMPANY SECRETARY

Justyn Stedwell

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AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

AUSTRALIAN SECURITIES EXCHANGE

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