Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

For personal use only

Name of entity

Atrum Coal Limited

ABN	Quarter ended ("current quarter")
27 153 876861	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (Nine months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	84
	Refund from JOGMEC	-	84
1.2	Payments for		
	(a) exploration & evaluation (see footnote)	(9,465)	(15,753)
	- Elan Projects	(9,463)	(15,535)
	- Panorama & Groundhog projects	(2)	(218)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(192)	(446)
	(e) administration and corporate costs	(224)	(880)
1.3	Dividends received	-	-
1.4	Interest received	10	16
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (GST received)	342	342
1.8	Other (METC)	-	-
1.9	**Net cash from / (used in) operating activities**	**(9,871)**	**(16,979)**

1.2 (a) Exploration Activities, associated with drilling, coal quality tests, environmental baseline studies and reporting with respect to our Elan Project in Alberta, Canada.

1.2(a) The expenditure on Groundhog and Panorama projects will be partly refunded by JOGMEC pursuant to the agreement between the Company and JOGMEC whereby JOGMEC has the option to earn in 10% interest in the Groundhog project against a total expenditure of C$1M within 3 years. JOGMEC will also refund the Company for the annual leases paid to the local government.

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (Nine months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	(132)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**(132)**

2.1(d) represents the annual cash consideration required to be paid to the vendors pursuant to the acquisition agreement of tenements within the Panorama and Groundhog Project

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,427	21,998
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	60	218
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(365)	(1,210)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**6,122**	**21,006**

Consolidated statement of cash flows	Current quarter $A'000	Year to date (Nine months) $A'000

3.1.During the quarter, the Company completed the second tranche of a placement with the issuance of 28,928,900 shares at $0.23 each, totalling $6.6M, of which $227K was received in the previous quarter

3.3 During the quarter, the Company received $60K with respect to the exercise of 300,000 listed options at $0.20 each.

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	17,636	10,122
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,871)	(16,979)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(132)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,122	21,006
4.5	Effect of movement in exchange rates on cash held	(130)	(52)
4.6	**Cash and cash equivalents at end of period**	**13,965**	**13,965**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	6,965	10,636
5.2	Call deposits	7,000	7,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**13,965**	**17,636**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	189
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 An amount of $72K were paid as directors fees to non-executive directors and $117K to the Managing Director.

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(9,871)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	**(9,871)**
8.4	Cash and cash equivalents at quarter end (Item 4.6)	13,965
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	**13,965**
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	1.41

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, because the Company has completed most of its drilling programme for the year in the current quarter. Expenditures are expected to be substantially lower in the next two quarters.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No. As stated above, the Company will not have the same level of expenditure in the coming quarters, as the 2020 drilling program was substantially completed in the September 2020 quarter. Expenditure in coming quarters is expected to significantly drop as a result. In addition, the Company has 106.5 million share options outstanding, exercisable at a price of $0.20, for an amount of $21.5M. These options are currently in the money and are exercisable by end March 2021

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

For personal use only

Answer: Yes. Now that the 2020 drilling program is complete, drilling and explorations activities will be minimal. The Company has sufficient cash reserves for its planned expenditures.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2020

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only