

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the current position of Atrum Coal Limited (**Company**) with regards to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition, 2019) (**Principles and Recommendations**).

While the Principles and Recommendations are not mandatory, the Company will be required to disclose the extent to which it complies with the Principles and Recommendations.

For further information about the Company's corporate governance policies, and to obtain copies of these policies, please refer to the Company's website.

ASX BEST PRACTICE RECOMMENDATIONS

Principle # / Company Response	ASX Corporate Governance Council Recommendations
Principle 1	Lay solid foundations for management and oversight
1.1	A listed entity should have and disclose a board charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.
Company response	<p>The Company has formalised and disclosed the functions reserved to the board and those delegated to management. These functions can be viewed at the Company's website: www.atrumcoal.com.</p> <p>Post reporting date, the Company board comprises five directors, all of whom are non-executive Directors. The roles and functions of directors within the Company are designed to allow it to best function within its level of available resources.</p> <p>The full board currently meets regularly, and specific significant matters are endorsed by the Board or executed via circular resolution.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a Director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.
Company response	<p>The Company analyses and reviews the qualifications and experience of any potential candidate. Background checks are performed where deemed appropriate for the position, including speaking with personal and professional references.</p> <p>The Company provides biographical details of proposed directors, as well as information relating to other directorships and interest which may reasonably be perceived to influence their capacity to bring independent judgement to the board.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.
Company response	Each director or senior executive has a written contract that sets out the terms of their appointment, including their responsibilities and remuneration.
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
Company response	The Company Secretary is directly accountable to the Board on all matters to do with the proper functioning of the Board.

Principle # / Company Response	ASX Corporate Governance Council Recommendations												
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have a diversity policy; b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and c) disclose in relation to each reporting period: <ul style="list-style-type: none"> i. the measurable objectives set for that period to achieve gender diversity; ii. the entity’s progress towards achieving those objectives; and iii. either: <ul style="list-style-type: none"> A. the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or B. if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act. <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period</p>												
Company response	<p>The Company is an equal opportunity employer and strives to foster diversity across the organisation. The Company has adopted a diversity policy that is disclosed on its Company website.</p> <p>Due to the current size, nature and scale of the Company’s activities the Board has not yet developed measurable objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.</p> <p>As at the end of the period, the Company had the following proportion of men and women across the organisation:</p> <table border="1" data-bbox="580 1252 1187 1391"> <thead> <tr> <th></th> <th>Men</th> <th>Women</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>5</td> <td>1</td> </tr> <tr> <td>Senior Executives</td> <td>2</td> <td>-</td> </tr> <tr> <td>Whole Organisation</td> <td>7</td> <td>1</td> </tr> </tbody> </table> <p>Following the resignation of Andrew Caruso as a director of the Company on 1 February, the Board currently comprises 1 female director and 4 male directors.</p>		Men	Women	Board	5	1	Senior Executives	2	-	Whole Organisation	7	1
	Men	Women											
Board	5	1											
Senior Executives	2	-											
Whole Organisation	7	1											
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose the process for periodically evaluating the performance of the board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 												
Company response	<p>The Company undertakes a review of its board and of individual directors periodically. The review is a peer review, and the process is managed by the Chair of the Board. A Board review was completed during the period.</p>												
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. 												

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Company response	The Company reviews the performance of senior executives every year. For those executives that have been engaged by the Company for longer than 12 continuous months under the current financial year, those contractors underwent a performance appraisal pursuant to their contracts. Executive performance reviews were conducted during the year.
Principle 2	Structure the Board to be effective and add value
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> a) have a nomination committee which: <ul style="list-style-type: none"> i. has at least three members, a majority of whom are independent Directors; and ii. is chaired by an independent Director, b) and disclose: <ul style="list-style-type: none"> i. the charter of the committee; ii. the members of the committee; and iii. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or c) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
Company response	<p>The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.</p> <p>Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board is confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.</p>
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.
Company response	The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board does not currently disclose a formal Board skills matrix. The Board is satisfied with the skills and experience of each director and the current Board which collectively has the expertise to guide the company's directions and operations.
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> a) the names of the Directors considered by the Board to be independent Directors; b) if a Director has an interest, position or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (4th Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and c) the length of service of each Director

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Company response	<p>For the majority of the period, the Board considered four of its directors to be independent, namely Mr Jeffrey Gerard, Ms Anita Perry, Mr Bill Fleming and Mr Richard Barker.</p> <p>Messrs Richard Barker and Bill Fleming have received and hold performance rights and/or options. The Board considers that the issue of performance rights and options to non-executive directors provides for a cost-effective component of directors' remuneration that may provide the Company with additional funding in the future (if the Options are exercised). The Board considers the issue of these performance rights and options does not impact the director's integrity, objectivity or ability to exercise independent judgement in relation to all Board and Company activities. Accordingly, the Board still considers that these directors were independent during the reporting period.</p> <p>Director appointment and resignation dates are disclosed in the Company's annual report.</p>
2.4	A majority of the Board of a listed entity should be independent Directors.
Company response	Four of the six directors were deemed independent for the majority of the period. The Board considers that there is sufficient independent presence on the Board.
2.5	The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity
Company response	The chair of the board for the greater part of the period was Mr Glen Koropchuk who was not considered an independent director. The roles of Chair and CEO are undertaken by separate people.
2.6	A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.
Company response	<p>The Company Secretary ensures that all new directors are inducted into the Company. Upon commencement, the director formalises a letter of appointment setting out the terms of their appointment and is provided with a 'Corporate Governance Pack' containing the Company's Constitution, Corporate Governance Policies and details of the Company's directors' and officers' insurance policies.</p> <p>The skill set of the Board is monitored regularly by the Board as a whole, taking into consideration the stage of development of the Company's assets, and the capital available to the Company.</p>
Principle 3	Instil a culture of acting lawfully, ethically and responsibly
3.1	A listed entity should articulate and disclose its values.
Company response	<p>The Company and its subsidiary companies are committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.</p> <p>The Company's values are set out in its Code of Conduct and are available on the Company's website. All employees are given appropriate training on the Company's values and senior executives will continually reference such values.</p>
3.2	<p>A listed entity should:</p> <ol style="list-style-type: none"> a) have a code of conduct for its directors, senior executives and employees; and b) disclose that code or a summary of it.
Company response	The Company has adopted a code of conduct which outlines the behaviour expected of directors, contractors and employees. The code of conduct can be viewed on the Company's website www.atrumcoal.com .
3.3	<p>A listed entity should:</p> <ol style="list-style-type: none"> (a) have and disclose a whistleblower policy; and (b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.

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Company response	The Company's Whistleblower Protection Policy is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.	
3.4	A listed entity should: <ul style="list-style-type: none"> (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the Board or committee of the Board is informed of any material breaches of that policy. 	
Company response	<p>The Board recognises that giving bribes or other improper payments or benefits to public officials is a serious criminal offence and can damage a listed entity's reputation and standing in the community.</p> <p>The Company does not currently have a formal Anti-bribery and Corruption Policy in place. The Board intends to implement an Anti-bribery and Corruption Policy in 2022.</p>	
Principle 4	Safeguard integrity in corporate reporting	
4.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner 	
Company response	<p>The Board does not currently have a separate audit committee, instead, the roles and responsibilities of the audit committee are undertaken by the Board as a whole. The Board and the Company is not currently of a size to justify separate Board committees. The Board will consider establishing Board committees in the future.</p> <p>The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.</p>	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	
Company response	The Company obtains a declaration from the CEO and CFO (or the persons acting in those capacities) prior to the completion of its half year and annual financial statements.	
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	
Company response	The Board and relevant Senior Management review any periodic corporate report that is released to the market that has not been audited or reviewed by an external auditor.	
Principle 5	Make timely and balanced disclosure	
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	
Company response	The Company has a Continuous Disclosure Policy that forms part of its Corporate Governance Policies, which is available on the Company's website www.atrumcoal.com	
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	
Company response	Under the Company's Continuous Disclosure Policy, all members of the Board receive material market announcements promptly after they have been made.	

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5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.
Company response	All substantive investor or analyst presentations are released on the ASX Markets Announcement Platform ahead of such presentations.
Principle 6	Respect the rights of security holders
6.1	A listed entity should provide information about itself and its governance to investors via its website.
Company response	The Company's website contains comprehensive details about the Company, its directors and management and its operations. All Company announcements, as well as its annual and half year financial reports can be located through the website www.atrumcoal.com
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.
Company response	The Company has adopted a Shareholder Communication Policy as part of its Corporate Governance Policies. The Company also engages a dedicated investor relations firm to facilitate investor relations.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.
Company response	The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.
Company response	All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.
Company response	To the extent permissible by law, the Company sends all communication electronically in an effort to reduce its environmental footprint. As new shareholders join the Company, they are invited to communicate with the Company and the share registry electronically.
Principle 7	Recognise and manage risk
7.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.
Company response	The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board may draw on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

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7.2	<p>The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and (b) disclose in relation to each reporting period, whether such a review has taken place.
Company response	The risk assessment and management framework were reviewed during the period.
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
Company response	<p>The Company does not have an internal audit function. Internal control measures currently adopted by the Board include:</p> <ul style="list-style-type: none"> • weekly reporting to the Board in respect of operations and monthly reporting in respect of the Company's financial position, with a comparison of actual results against budget; and • regular reports to the Board by members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.
Company response	<p>The Company is a hard-coking coal exploration and development company and is inherently exposed to the economic, environmental and social sustainability risks that are associated with its industry.</p> <p>The Company carefully considers its operations and their impact on the environment and local communities and engages extensively with local communities and first nations groups. The Company advises its shareholders and investors on the fact that its ability to obtain the necessary environmental regulatory approvals or permits, including open cut mining and water use approvals for Elan Coal, is a key risk to its project development, and follow the industry best practices to evaluate and mitigate the impacts and prepare the applications in order to reduce such risk.</p> <p>The Company has no formal hedging policy for its foreign currency expenditure and is exposed to fluctuations in the exchange rates of the Australian Dollar, the United States Dollar and the Canadian Dollar. Exchange rates are monitored closely by senior management and treasury decisions are made on an opportunistic basis. Where necessary, the Company will enter into FX hedging instruments and has done so in the past.</p>
Principle 8	Remunerate fairly and responsibly
8.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

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Company response	<p>The Board has not established a separate Remuneration Committee due to the size and scale of its operations, however the Board as a whole, takes responsibility for such issues.</p> <p>The responsibilities include setting policies for senior officer's remuneration, setting the terms and conditions for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the Chairman's performance.</p> <p>The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.
Company response	<p>In accordance with best practice corporate governance, the structure of Non-Executive Directors is separate and distinct from Executive Directors and Senior Executives.</p> <p>In determining remuneration, the Board holds special meetings as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose the policy or a summary of it.
Company response	The Company has both an employee share option plan and an employee share plan in place. Neither of the plans contain a policy as to whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.