

Montem Resources Limited

ABN 87 623 236 831

Interim Report - 30 June 2022

Directors	Mark Lichtenberg, Chairman and Non-executive Director Peter Doyle, Managing Director Rob Tindall, Non-executive Director Susie Henderson, Non-executive Director William Souter, Non-executive Director
Company secretary	Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205
Principal place of business	Level 4, 100 Albert Road South Melbourne VIC 3205
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Dentons Australia Pty Ltd 567 Collins Street Melbourne VIC 3000 McLennan Ross 600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB, Canada T5N 3Y4
Bankers	National Australia Bank 800 Bourke Street Docklands VIC 3008 Royal Bank of Canada 1025 West Georgia Street Vancouver BC Canada V6Z 1N9
Stock exchange listing	Montem Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MR1)
Website	www.montem-resources.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Montem Resources Limited (referred to hereafter as the 'Company', 'Montem' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons were Directors of Montem Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Lochtenberg, Chairman and Non-executive Director
Peter Doyle, Managing Director and Chief Executive Officer
Rob Tindall, Non-executive Director
Susie Henderson, Non-executive Director
William Souter, Non-executive Director

Company overview and principal activities

Montem is a steelmaking coal and potential renewable energy development company that owns and leases coal tenements and freehold land in the Canadian provinces of Alberta and British Columbia.

The Company's objective is to advance its steelmaking coal projects and to assess the feasibility of the renewable energy complex in the Crowsnest Pass, Alberta.

Montem's projects are located in the Crowsnest Pass, of southwest Alberta, Canada, which is a historical coal mining region. The Tent Mountain Mine Redevelopment Project and the Chinook Project are estimated to contain 232 million tonnes (Mt) of in-place coal resources (JORC 2012). Both projects have been explored extensively and have hosted historical open-cut and underground coal mining operations.

During the six-month period ended 30 June 2022 the principal continuing activities of the Company were the exploration and development of its two primary steelmaking coal projects, the Tent Mountain Mine Redevelopment Project and the Chinook Project, while in parallel evaluating the Tent Mountain Renewable Energy Complex (TM-REX). In addition, the Company has been engaging with the Government of Alberta and its appointed Coal Policy Review Committee regarding the review of the Alberta 1976 Coal Development Policy.

Tent Mountain

In an effort to re-establish mining at Tent Mountain, over the past three years the Company has completed extensive exploration and engineering studies, including a Definitive Feasibility Study. In 2021, the project was designated for Federal review by the Impact Assessment Agency of Canada, creating an additional permitting process to the existing provincial process. Montem continues to seek approval to restart the mine from Provincial and Federal regulators.

In light of delays to the mine re-start, Montem identified alternate development pathways for Tent Mountain, including the potential for transitioning the project to a renewable energy complex, employing an onsite pump hydro energy storage facility, an offsite wind power facility, and the potential for production of green hydrogen associated with the production and storage of renewable energy. The Company has progressed studies to support development of the TM-REX, including the pre-feasibility study announced 26 July 2022.

The TM-REX will aim to repurpose existing assets at Tent Mountain which include a 300m drop (or average "head") between two large water reservoirs that were formed during previous mining operations. The site is near Alberta's high voltage electricity transmission grid, has existing infrastructure to support development, and is adjacent to rail, gas pipelines and the interprovincial Highway 3.

Chinook

The Company has also identified the potential for a large mining complex to be established at the Chinook Project. A Scoping Study, being a preliminary technical and economic study of the potential viability of open cut mining at the Chinook Project was announced in February 2021 (please refer to the cautionary statement included in the 9 February 2021 announcement "Montem completes positive Scoping Study at the Chinook Project"). The study identifies an open cut mine opportunity at the Chinook Project. Results from the Scoping Study indicate an economically and technically viable project with upside justifying progressing to a Pre-Feasibility Study.

On 4 March 2022, the Alberta Government announced results of its yearlong coal policy review, The Alberta Minister of Energy released the Coal Policy Committee reports (one outlining the public consultation and one setting out their recommendations) and indicated that all its recommendations are being adopted. The report made eight principal recommendations, with the result being a further pause on coal development while the Coal Policy is modernised.

The impact of that statement is the new Coal Policy is unlikely to be settled for a number of years while subregional plans are developed. In addition, the South Saskatchewan Regional Plan which cover all of Montem's assets expires in 2024 and must then be reviewed.

Finally, under a new Ministerial Order, no exploration or development activities can be carried out on any coal lands, regardless of land category, with the exception designated "advanced projects". Fortunately for Montem, the Tent Mountain restart project has been identified as an advanced project, along with three other projects in Alberta. However, Montem must wait for the release of the Government's updated policies and plans before conducting further exploration and development activities at its other Alberta coal projects, including the Chinook Project.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$2,554,899 (30 June 2021: \$808,163).

- The Consolidated Entity incurred operating cash outflow of \$2,050,298 (30 June 2021: \$612,689).
- The Consolidated Entity incurred evaluation and exploration costs of \$595,155, and payments for security deposits of \$Nil were paid during the period (30 June 2021: \$2,525,331 and \$302,967, respectively).
- The Consolidated Entity raised capital of \$150,000 (30 June 2021: \$5,087,750), net of cash costs during the period.

As at 30 June 2022, the cash balance was \$1,315,075 (31 December 2021: \$3,803,727) and net working capital surplus was \$187,893 (31 December 2021: Surplus of \$3,197,879).

Some events announced post the June 2022 Quarter.

Tent Mountain Renewable Energy Complex (TM-REX) Pre-Feasibility Study

In July 2022, Montem received the finalized Pre-Feasibility Study ("PFS") from Hatch Engineering ("Hatch"), which included design, engineering work, and cost estimates for the Tent Mountain PHES ("TM-PHES").

The TM-PHES would leverage Montem's existing assets at Tent Mountain, including a large water reservoir, on Montem's freehold land, which was left behind from historical mining operations. The site, located in the Crowsnest Pass, Alberta, is close to important infrastructure including high voltage power lines and interprovincial Highway 3.

TM-PHES design

The results of the Hatch work have been positive, indicating the Tent Mountain site is suitable for hosting a PHES with an 80+ year project life, 320 MW installed capacity, 2,560 MWh storage capacity and a continuous generation duration of 8 hours.

As part of its work, Hatch completed the Gap Analysis, Hydrological Assessment, Geological and Hydrogeological Assessment, and the Options Study. The Options Study recommends the optimal configuration for the powerhouse of 4 x 80 MW fixed speed reversible Francis turbines. Based on the current data, there are no geotechnical fatal flaws in developing the TM-PHES.

Montem is currently targeting a Capital Cost of C\$750M in aggregate for the PHES project and an interconnection cost of approximately C\$70M.

Project economics were evaluated for two projected energy price forecasts: base case and Net Zero Electricity ("Net Zero"). Preliminary project economics for the TM-PHES indicate attractive returns for both cases, with the most robust returns generated from the Net Zero price forecast.

TM-PHES cost competitiveness

The TM-PHES compares favourably to similar PHES projects in North America, and to the Kidston PHES project in Queensland, Australia. The primary reasons for the TM-PHES cost competitiveness is due to the 300m head between the upper and lower reservoirs and the ability to leverage Montem's existing assets at Tent Mountain, including the large water reservoir on Montem's freehold land. The project also benefits from its proximity to the Alberta power grid, which significantly reduces the capital cost, permitting requirements, and environmental footprint typical of large-scale energy projects.

Long duration (typically 8 hours and longer) storage technologies, like PHES, offer exceptional capital intensity when compared to short duration energy storage (under 4 hours) technologies, like lithium-ion batteries. Furthermore, current lithium-ion battery technology is expected to provide a maximum lifespan of around 20 years, whereas typical PHES projects have a minimum expected lifespan of 50+ years, with the ability to retrofit the powerhouse to extend the project life beyond 80 years.

TM-PHES optimization and next steps

The Hatch PFS recommends optimization work be completed to investigate increasing the size of the upper reservoir, which has the potential to increase the TM-PHES storage capacity to 4,955 MWh, with a continuous generation duration of 15 hours. Hatch estimates an additional direct capital cost of approximately C\$35 million will be required to increase the upper reservoir storage capacity.

This optimization work has the potential to create material upside for project returns.

The next stage of project engineering will be to complete additional geotechnical work in order to provide site-specific geotechnical conditions for each of the major PHES civil structures. Following the geotechnical work, Montem will complete the front-end engineering design ("FEED") work for the project.

TM-PHES interconnection

The TM-PHES benefits from its proximity to the Alberta power grid, which significantly reduces the capital cost, permitting requirements, and environmental footprint typical of large-scale energy projects. Montem has been working with the Alberta Electric System Operator ("AESO") to establish access to the power grid for the TM-PHES with the project recently being accepted into the interconnection queue.

Tent Mountain Green Hydrogen Electrolyser

In July 2022, GHD finalized its report detailing the business case analysis for the Green Hydrogen Electrolyser element of the TM-REX. This initial technical and economic assessment has been completed to assesses the scale, costs, logistics and technical risks associated with constructing and operating a green hydrogen electrolyser facility in southern Alberta, with a focus on the suitability of the Tent Mountain site, coupled with an off-site wind farm.

This report contains significant intellectual property and will not be released.

GHD's work included preliminary engineering design work, including the assessment of land, water, and regulatory requirements for the project in southern Alberta. Further, GHD prepared the technical requirements for production, storage, and transportation of green hydrogen, and established the expected project delivery schedule. This culminated in Class IV cost estimates that have been used to determine project economics for the Green Hydrogen Electrolyser.

Subject to further evaluation, the Tent Mountain Green Hydrogen Electrolyser has the potential to meet growing global hydrogen demand. The project could be scalable, starting with a 10 MW pilot plant before expanding to a 100 MW facility.

Whilst the business case showed the viability for Green Hydrogen production in southern Alberta, a critical element is a renewable water source for conversion. The study established there is no viable sustainable water source in the immediate vicinity of Tent Mountain. Hence the Green Hydrogen Electrolyser would be better suited to be co-located with the wind farm, offsite from Tent Mountain, where viable renewable water sources are available.

In conjunction with GHD, Montem continues to explore potential customers for the green hydrogen produced at TM-REX, aiming to leverage nearby key infrastructure and major transportation industries.

Piikani Nation Agreement

Tent Mountain is located in the traditional territory of the Piikani Nation ("Piikani"), with Piikani's reserve lands situated in the heart of southern Alberta's wind power generating region.

In July 2022, Montem entered into a framework agreement ("Agreement") with Piikani. The signing of the Agreement was witnessed by the Honourable Rick Wilson, Alberta Minister of Indigenous Relations, and the Honourable Whitney Issik, Alberta Minister of Environment and Parks.

The Agreement focuses on the TM-PHES and aims to build a long-term cooperative and mutually beneficial relationship between Montem and Piikani. Positive collaboration on the TM-REX between Montem and Piikani will provide regulatory clarity and community acceptance for the project.

Grant Funding and Government Relations

In October 2021, Montem applied for C\$5 million in Federal funding from Canada's Clean Fuels Program, which is administered by Natural Resources Canada ("NRCan"). The Company has been advised its application has now advanced to the next stage of the grant application review process which focuses on the technical and financial merits of the application. Grants are now expected to be announced in late summer 2022.

Montem is also investigating other Provincial and Federal level renewable energy grant options focused on decarbonization and energy storage, including with Alberta Innovates, Invest Alberta, and Emissions Reduction Alberta. To aid this effort, government relations efforts and ministerial level meetings are ongoing to seek up to C\$50 million in government grants to potentially transition Tent Mountain from a coal mine to a potential renewable energy complex.

Montem has received a letter from Alberta Premier the Honourable Jason Kenney, outlining the Alberta Government's support in principle for the TM-REX.

Invest Alberta MOU

In April 2022, Montem entered a Memorandum of Understanding ("MOU") with Invest Alberta, effective 23 March 2022. The MOU outlines the roles and responsibilities each will undertake in working together to evaluate Montem's proposed TM-REX.

As global demand for green energy solutions persists, Invest Alberta's partnership with Montem will support the potential transition of the Tent Mountain Mine, which represents a transformational opportunity for Alberta's energy sector.

Coal Assets

Throughout 2021, the government of Alberta appointed Coal Policy Committee ("Committee") reviewed the Alberta 1976 Coal Development Policy. As a result, on 4 March 2022, the Committee's reports and recommendations, and an accompanying Ministerial Order, were made public.

As a result of the Committee's recommendations, the Alberta Government designated Montem's Tent Mountain Mine as an advanced coal project. Alberta's advanced coal projects are unaffected by the Ministerial Order's additional coal exploration and development restrictions implemented as a result of the Committee's recommendations. Montem continues to advance two parallel strategies for developing Tent Mountain:

- (1) restart of the existing coal mine
- (2) transition of the existing coal mine to a potential renewable energy complex

Now that the economic analysis of TM-REX is available, Montem will look to compare the investment potential of both Tent Mountain development pathways, noting the two projects are mutually exclusive. Montem continues to advance the existing coal mine restart through the Federal and Provincial permitting processes.

As part of the 4 March 2022 release, the Government of Alberta also indicated that, in the coming months, additional clarity regarding land use and coal activities will be made apparent by an update to Alberta's Eastern Slopes policy, that will incorporate the Alberta 1976 Coal Development Policy land categories, and through the development of new regional, sub-regional or issue-specific plans. Pending that update, the moratorium on exploration and development activities that previously affected only Category 2 lands has been extended to include all land categories with the exception of advanced coal projects (e.g. the Tent Mountain Mine). For that reason, Montem must wait for the release of the Government's updated policies and plans before conducting further exploration and development activities at its other Alberta coal projects, including the Chinook Project.

Competent Persons Statement

Chinook Project Scoping study

The information contained in this report relates to information compiled or reviewed by Mr Gregory Eisenmenger who is a Member of the Australasian Institute of Mining and Metallurgy (304702). Gregory is Executive Consultant at RPMGlobal. 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 Results, Mineral Resources and Ore Reserves. Mr Eisenmenger consents to the inclusion of the information disclosed by the Company in the form in which it appears. Neither Mr Eisenmenger nor RPMGlobal have a direct or indirect financial interest in, or association with Montem Resources Limited, 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 Scoping Study RPMGlobal has been paid a fee for time expended on this report. The present and past arrangements for services rendered to Montem Resources do not in any way compromise the independence of RPMGlobal.

Disclaimer

Hatch's report referred to in this announcement has been prepared for the benefit of Montem (and no other party). Hatch is not liable to any third party, and no third party can rely on it without Hatch's prior written consent. Hatch's report is based on a number of underlying assumptions and qualifications (set out in the report). The assumptions made in the report, and the qualifications and disclaimers to the report have been communicated to, and accepted by, Montem. The report had a number of contributors and was prepared based on information provided by third party contributors and information provided by Montem. This ASX announcement has been prepared solely by Montem. Hatch, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding, and takes no responsibility for, any statements in or omissions in this announcement.

Forward looking statements

This Interim Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, prevailing commodity prices, as well as other matters not yet known to the Company or not currently considered material by the Company.

Environment, Health and Safety

The Company's Board believes that all workplace injuries are avoidable. To that end, Montem has adopted an overall environmental, health and safety policy. The detailed policies and procedures were written with the assistance of third-party expertise in the development of such policies for coal mining in Alberta and British Columbia.

The Company conducts its operations in compliance with the relevant Albertan regulations for occupational health and safety for coal mining. The Company has recorded no Loss Time Injuries and continues to operate without a Loss Time Injury since inception.

Directors address Health, Safety and Environment issues at each Board meeting and are satisfied that there were no reported Lost Time Injuries or environmental incidents during the period.

Exploration and development activities require a variety of regulatory approvals as detailed in the applicable regulatory regime, including environment plans, safety procedures and the preparation of plans to manage the undertaking of the activities and the contractors engaged in undertaking such activities.

Significant changes in the state of affairs

On 7 March 2022, the Company announced that it has reviewed the Coal Policy Committee ("Committee") reports and recommendations, and the accompanying Ministerial Order, following the Committee's review of the Alberta 1976 Coal Development Policy, as released by the government of Alberta on 4 March 2022. As a result of the Committee's recommendations, the Alberta Government has designated Montem's Tent Mountain Mine an advanced coal project. Alberta's advanced coal projects are unaffected by the Ministerial Order's additional exploration and development restrictions implemented as a result of the Committee's recommendations. The Company confirmed that it will continue to advance Tent Mountain through the Federal and Provincial permitting processes.

The Chinook Project, and other development assets in Alberta do not qualify as advanced assets, and hence all activities on the Chinook Project and other Alberta coal assets is suspended pending additional information from the Alberta Government.

As the Company owns significant steelmaking coal resources as Freehold Mineral Rights in Alberta the Company continues to investigate alternate means of accessing and monetising these assets.

On 4 April 2022, the Company has issued 2,941,176 fully paid ordinary shares to professional and sophisticated investors at an issue price of \$0.051 (5.1 cents) per share.

On 19 April 2022 The Company has entered a Memorandum of Understanding (MOU) with Invest Alberta, effective March 23, 2022. The MOU outlines the roles and responsibilities each will undertake in working together to establish Montem's proposed Tent Mountain Renewable Energy Complex ("TM-REX").

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

The Company's securities have been suspended from trading in the Australian Securities Exchange (ASX) since 25 July 2022 in relation to the release of an announcement concerning the results of the pre-feasibility study of the TM-REX project. ASX has confirmed that the Company's reinstatement to trading on ASX will be conditional upon the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules.

On 24 August 2022, the Company lodged a Cleansing Prospectus with ASX for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the closing date. At the date of this report, the Company intends to submit an in-principal application with ASX in accordance with the re-compliance requirements. There is a risk that the Company may not meet all of the eligibility criteria set by ASX for a re-compliance listing under Chapters 1 and 2 of the Listing Rules. However, at the date of this report, the Company continues to advance two parallel strategies for developing Tent Mountain:

- (1) restart of the existing coal mine
- (2) transition of the existing coal mine to a potential renewable energy complex

On 24 August 2022, the Consolidated Entity announced that it has raised approximately \$1,000,000 by way of a placement where it would issue 24,820,114 fully paid ordinary shares at an issue price of \$0.04 (4.0 cents) per Share to professional, sophisticated and other exempt investors. Directors participated in the Placement and subscribed for a total of 2,054,243 fully paid shares, which are subject to shareholder approval at a general meeting of the Company. On 29 August 2022, the Company completed tranche one of the Placement issuing 22,765,871 fully paid ordinary shares. Proceeds raised will primarily be applied to fund the costs associated with: the sale process for the PHES project of the TM-REX, and to seek in principle approval from ASX for re-listing as well as working capital.

In addition, the Company also intends to make a non-renounceable entitlement offer to all shareholders at \$0.04 per share, to raise up to \$1 million and further advised it has commenced a process to sell up to 50% of the TM-REX Pumped Hydro Energy Storage project within the next 6 months.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Risks and uncertainties

The Company is subject to a range of risks, some specific to the Company and its Company's business activities, and others being general risks arising from and affecting the general economy as a whole.

Current material risks most relevant to the Company and its future prospects, are:

Future funding risks

The Company is involved in exploration for minerals in Canada and yet to generate revenues. The Company has a cash and cash equivalents balance of \$1,315,075 and net assets of \$16,373,159. The Company may require substantial additional financing in the future to sufficiently fund exploration commitments and its other longer-term objectives.

As the Company is still in the early stages of exploration development it has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. However, the Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Company was unable to raise future funds, its ability to meet the exploration commitments and future development would be significantly affected.

The Directors regularly review the spending pattern and ability to raise additional funding to ensure the Company's ability to generate sufficient cash inflows to settle its creditors and other liabilities.

Laws and regulations

The Company is subject to laws in various jurisdictions. Existing and future legislation, regulation and actions could cause additional expense, capital expenditure and restrictions and delays in the activities of the Company, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Company's activities or services.

Alberta regulations

The Government of Alberta announced in March 2022 that it will update the framework around which it manages its land and natural resources, referred to as land use planning. The Province's coal development policy will then be updated to reflect the updated land use planning framework. Until that update, The Company will be unable to conduct exploration and development activities in its Chinook and greenfield coal projects until the revised coal policy has been adopted. No assurance can be given that the Government of Alberta will revise the coal development policy in a timely manner or that the revised policy will allow the Company's projects to proceed. This does not affect the Tent Mountain mine restart project which was considered an advanced project that is able to continue through the permitting process.

Approvals and licences

Montem does not have some key approvals necessary to undertake and re-establish mining at Tent Mountain and its other coal projects, to develop the TM-REX Project at Tent Mountain, or to connect the TM-REX Project to Alberta's electricity transmission system.

Amendments to the current mining permit and to the environmental approval will be required, as well as other permits and operational licences. Obtaining necessary regulatory and environmental approvals may be delayed, more expensive than expected or not obtained at all. Failure to obtain, or delays in obtaining and maintaining approvals, mining permits, licences and easements required to develop and operate the Projects may materially adversely affect the Group's activities. In addition, such failure may impact the ability of the Group to meet certain payment obligations under the Purchase Agreement.

Quotation and delisting risk

The Company's securities have been suspended since 25 July 2022 in relation to the release of an announcement concerning the results of the pre-feasibility study of the TM-REX project. ASX has confirmed that MR1's reinstatement to trading on ASX will be conditional upon the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules.

The Company intends to seek customary in principle approval from ASX that it is eligible for the re-compliance listing and if successful, intends to prepare and lodge a re-compliance prospectus to have its shares restated to trading. There is a risk that MR1 may not meet all of the eligibility criteria set by ASX for a re-compliance listing under Chapters 1 and 2 of the Listing Rules. If that occurs the Company's shares will not be reinstated to trading and there is a risk that the Company will be delisted from ASX.

The Company will keep Shareholders informed of the status of its suspension and proposed reinstatement to trading in accordance with its corporate governance principles and continuous disclosure requirements.

Environmental and social risks

The operations and activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities may have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses.

The Company ensures that it complies with relevant laws relating to its exploration operations and, where applicable, undertakes any required rehabilitation processes.

Dependence on service providers and third-party collaborators

There is no guarantee that the Company will be able to find suitable third-party providers and third-party collaborators to complete the exploration work. The Company therefore is exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, and collaborative agreements may be terminable by the Company's partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's exploration efforts, financial condition and results of operations.

Reliance on key personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Company.

The Company maintains a mixture of permanent staff and expert consultants to advance its programs and ensure access to multiple skill sets. The Company, through the Remuneration and Nomination Committee (or in its absence the Board) reviews remunerations to human resources regularly.

Covid-19 or other pandemic risks

The outbreak of the coronavirus disease (COVID-19) continue to impact global economic markets. The precise effect of continuous COVID-19 outbreaks on the performance of the Company is unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

In addition, the effects of COVID-19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

Exploration risk

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

- securing and maintaining title to mineral exploration projects;
- discovery and proving up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases;
- obtaining required development consents and approvals necessary for the acquisition, mineral exploitation, development, and production phases; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants, and employees.

There can be no assurance that exploration on the Company's projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company. The Company is entirely dependent upon its projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition.

Resource and reserve estimates

No assurance can be given that any estimated reserves and resources that are estimated by the Company will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience. Furthermore, a decline in the market price for natural resources that the Company may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

Future profitability

The Company is in the growth stage of its development and is currently making losses. The Company's performance will be impacted by, among other things, the success of its exploration activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mark Lochtenberg
Chairman

13 September 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MONTEM RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 13th September 2022

Montem Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2022



	Note	Consolidated	Consolidated
		30 June 2022	30 June 2021
		\$	\$
Expenses			
Employee benefits expense		(387,204)	(384,718)
Professional fees		(200,695)	(113,844)
Marketing and business development		(80,523)	(98,640)
Corporate expenses		(1,861,716)	(183,419)
Depreciation charges		(21,539)	(21,040)
Financing costs		<u>(3,222)</u>	<u>(6,502)</u>
Loss before income tax expense		(2,554,899)	(808,163)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Montem Resources Limited		(2,554,899)	(808,163)
Other comprehensive profit			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>925,685</u>	<u>1,279,372</u>
Other comprehensive profit for the half-year, net of tax		<u>925,685</u>	<u>1,279,372</u>
Total comprehensive loss for the half-year attributable to the owners of Montem Resources Limited		<u>(1,629,214)</u>	<u>471,209</u>
		Cents	Cents
Basic earnings per share	10	(0.8773)	(0.3604)
Diluted earnings per share	10	(0.8773)	(0.3604)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Montem Resources Limited
Statement of financial position
As at 30 June 2022



	Note	30 June 2022	Consolidated 31 December 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,315,075	3,803,727
Trade and other receivables		72,979	65,559
Deposits and advances		8,869	8,567
Total current assets		<u>1,396,923</u>	<u>3,877,853</u>
Non-current assets			
Property, plant and equipment		719,772	720,371
Right-of-use assets		99,446	134,774
Exploration and evaluation	4	15,212,017	13,680,104
Non-current deposits		<u>197,978</u>	191,246
Total non-current assets		<u>16,229,213</u>	<u>14,726,495</u>
Total assets		<u>17,626,136</u>	<u>18,604,348</u>
Liabilities			
Current liabilities			
Trade and other payables		940,875	412,783
Borrowings		44,984	43,455
Lease liabilities		52,218	70,772
Employee benefits		<u>170,953</u>	<u>152,964</u>
Total current liabilities		<u>1,209,030</u>	<u>679,974</u>
Non-current liabilities			
Lease liabilities		<u>43,947</u>	<u>72,001</u>
Total non-current liabilities		<u>43,947</u>	<u>72,001</u>
Total liabilities		<u>1,252,977</u>	<u>751,975</u>
Net assets		<u>16,373,159</u>	<u>17,852,373</u>
Equity			
Issued capital	5	45,204,400	45,054,400
Reserves		4,705,414	3,779,729
Accumulated losses		<u>(33,536,655)</u>	<u>(30,981,756)</u>
Total equity		<u>16,373,159</u>	<u>17,852,373</u>

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

Montem Resources Limited
Statement of changes in equity
For the half-year ended 30 June 2022



Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2021	37,313,701	(821,973)	3,570,750	(16,926,118)	23,136,360
Loss after income tax expense for the half-year	-	-	-	(808,163)	(808,163)
Other comprehensive profit for the half-year, net of tax	-	1,279,372	-	-	1,279,372
Total comprehensive loss for the half-year	-	1,279,372	-	(808,163)	471,209
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	5,088,386	-	-	-	5,088,386
Share-based payments (note 11)	-	-	28,689	-	28,689
Share options and rights forfeited (note 11)	-	-	(350,586)	-	(350,586)
Balance at 30 June 2021	<u>42,402,087</u>	<u>457,399</u>	<u>3,248,853</u>	<u>(17,734,281)</u>	<u>28,374,058</u>

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2022	45,054,400	681,835	3,097,895	(30,981,757)	17,852,373
Loss after income tax expense for the half-year	-	-	-	(2,554,899)	(2,554,899)
Other comprehensive profit for the half-year, net of tax	-	925,685	-	-	925,685
Total comprehensive loss for the half-year	-	925,685	-	(2,554,899)	(1,629,214)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 5)	150,000	-	-	-	150,000
Balance at 30 June 2022	<u>45,204,400</u>	<u>1,607,520</u>	<u>3,097,895</u>	<u>(33,536,656)</u>	<u>16,373,159</u>

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

Montem Resources Limited
Statement of cash flows
For the half-year ended 30 June 2022



	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,115,645)	(607,289)
Interest and other finance costs paid	(1,203)	(5,400)
Payment for initial set-up and consulting work TM-REX	<u>(933,450)</u>	<u>-</u>
Net cash used in operating activities	<u>(2,050,298)</u>	<u>(612,689)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(16,033)
Payments for exploration and evaluation	(559,155)	(2,525,331)
Payments from security deposits	<u>-</u>	<u>(302,967)</u>
Net cash used in investing activities	<u>(559,155)</u>	<u>(2,844,331)</u>
Cash flows from financing activities		
Proceeds from issue of shares	150,000	5,366,984
Share issue transaction costs	-	(279,234)
Repayment of lease liabilities	<u>(49,653)</u>	<u>(76,011)</u>
Net cash from financing activities	<u>100,347</u>	<u>5,011,739</u>
Net increase/(decrease) in cash and cash equivalents	(2,509,106)	1,554,719
Cash and cash equivalents at the beginning of the financial half-year	3,803,727	3,434,480
Effects of exchange rate changes on cash and cash equivalents	<u>20,454</u>	<u>62,530</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,315,075</u></u>	<u><u>5,051,729</u></u>

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

Note 1. General information

The financial statements cover Montem Resources Limited as a consolidated entity consisting of Montem Resources Limited (Montem or the Company) and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Montem Resources Limited's functional and presentation currency.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 September 2022. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general-purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity made a loss after tax of \$2,554,899 during the half-year ended 30 June 2022 and had net operating cash outflows of \$2,050,298. Exploration and evaluation costs of \$559,155 were made during the period. As at 30 June 2022, the cash balance was \$1,315,075 and net working capital surplus was \$187,893. Subsequent to the half year, the Company undertook a Placement as announced on 24 August 2022, to raise approximately \$1,000,000 at \$0.04 per share made up of approximately \$700,000 in cash and conversion of debt for the remaining balance. The Company intends to follow with an Entitlement Offer to shareholders in due course.

The Consolidated Entity is still in the early exploration phase of activities with additional funds required to advance the exploration and evaluation work on the Consolidated Entity's exploration assets. Cash flow forecasts prepared by management includes additional capital required and opportunities for improvement in trading performance.

In considering the ability of the Consolidated Entity to continue as a going concern the Directors considered the following matters:

Note 2. Significant accounting policies (continued)

- In October 2021, Montem applied for C\$5 million in Federal funding from Canada's Clean Fuels Program, which is administered by Natural Resources Canada ("NRCan"). The Company has been advised its application has now advanced to the next stage of the grant application review process which focuses on the technical and financial merits of the application. Grants are now expected to be announced in late 2022.
- The Consolidated Entity has the ability to raise additional working capital through the issue of equity, as needed;
- The Consolidated Entity has a successful history in raising funds and is well supported by its major shareholders;
- If required, the Consolidated Entity has the ability to undertake either the full or partial sale of its existing tenement portfolio, enter into joint venture arrangements of its existing tenement portfolio or obtain approval for the deferral of the current work programs.

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The above conditions indicate that a material uncertainty exists as to whether the Consolidated Entity will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The Directors will continue to monitor the ongoing funding requirements of the Consolidated Entity. As a consequence of the above, the directors believe that, notwithstanding the Consolidated Entity's operating results for the half-year, the Consolidated Entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of non-financial assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Consolidated Entity's exploration assets are integral part of the business and fair value less costs of disposal for these assets may determined based on the market capitalisation of the Consolidated Entity. Please refer to note 10 for further information on impairment assessment of exploration assets.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The Consolidated Entity currently does not have some key approvals necessary to undertake and re-establish mining at Tent Mountain and its other coal projects but in the process of obtaining such approvals. Amendments to the current mining permit and to the environmental approval will be required, as well as other permits and operational licences.

Obtaining necessary regulatory and environmental approvals may be delayed, more expensive than expected or not obtained at all. Failure to obtain, or delays in obtaining and maintaining approvals, mining permits, licences and easements required to develop and operate the Projects may materially adversely affect the Consolidated Entity's activities, recoverable values of the capitalised exploration costs and future profitability. In addition, such failure may impact the ability of the Consolidated Entity to meet certain payment obligations under the Purchase Agreement.

In light of delays to the mine re-start, the Consolidated Entity identified alternate development pathways for Tent Mountain, including the potential for transitioning the Project to a renewable energy complex, employing an onsite pump hydro energy storage facility, an offsite wind power facility, and the potential for production of green hydrogen associated with the production and storage of renewable energy. The Consolidated Entity has progressed studies to support development of the TM-REX, including the pre-feasibility study announced 26 July 2022. Now that the economic analysis of TM-REX is available, the Consolidated Entity will look to compare the investment potential of both Tent Mountain development pathways, noting the two projects are mutually exclusive. While the Consolidated Entity continues to advance the existing coal mine restart through the Federal and Provincial permitting processes, any future decision to pivot towards TM-REX will have a significant impact on the recoverable value of the capitalised exploration and evaluation costs.

Refer note 4 for further information on exploration and evaluation assets.

Note 4. Non-current assets - exploration and evaluation

	Consolidated 30 June 2022	31 December 2021
	\$	\$
Exploration and evaluation Chinook - at cost	<u>2,936,450</u>	<u>2,793,074</u>
Exploration and evaluation Tent Mountain - at cost	<u>12,275,567</u>	<u>10,887,030</u>
	<u>15,212,017</u>	<u>13,680,104</u>

The Consolidated Entity has a portfolio of hard coking coal (steelmaking coal) projects in western Canada's Crowsnest Pass region including the Tent Mountain Mine Re-start Project ("Tent Mountain"), the Chinook Project ("Chinook"), and the greenfield exploration Isola, 4-Stack and Oldman projects.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Chinook \$	Tent Mountain \$	Total \$
Balance at 1 January 2021	2,411,092	17,150,798	19,561,890
Expenditure during the year	258,122	3,074,374	3,332,496
Exchange differences	123,860	1,287,767	1,411,627
Impairment of assets	-	(10,416,991)	(10,416,991)
Share-based payment arrangements forfeited during period (note 25)	-	(208,918)	(208,918)
Balance at 31 December 2021	<u>2,793,074</u>	<u>10,887,030</u>	<u>13,680,104</u>

Note 4. Non-current assets - exploration and evaluation (continued)

	Chinook	Tent	Total
	\$	Mountain	\$
		\$	\$
Balance at 1 January 2022	2,793,074	10,887,030	13,680,104
Expenditure during the half-year	43,964	623,092	667,056
Exchange differences	<u>99,412</u>	<u>765,445</u>	<u>864,857</u>
Balance at 30 June 2022	<u>2,936,450</u>	<u>12,275,567</u>	<u>15,212,017</u>

During June 2021, the Consolidated Entity announced that the Joint Review Panel (JRP), in its capacity as Alberta Energy Regulator, denied the application for the Grassy Mountain Coal Project owned by Benga Mining Limited (subsidiary of Hancock Prospecting Pty Ltd). The Grassy Mountain Coal Project is located in close proximity to the Consolidated Entity's assets in Alberta and as such its developmental process may be relevant to the Consolidated Entity's own operational considerations. The JRP concluded that "the Grassy Mountain Coal Project is likely to result in significant adverse environmental effects on surface water quality, Westslope cutthroat trout and their habitat, Whitebark pine, rough fescue grasslands and vegetation species and community biodiversity; and, significant adverse effects on physical and cultural heritage of some First Nations." On 19 July 2021, Benga Mining announced it has commenced a legal appeal process following the decision of the JRP to deny issuing a permit for its Grassy Mountain Steelmaking Coal Project.

The Consolidated Entity considers a number of factors differentiate the Tent Mountain Project from the Grassy Mountain Coal Project application and the stated reasons for its denial. Montem will continue to engage Provincial and Federal regulators, Indigenous Peoples, local communities, and other engaged stakeholders at all stages of the application, process, paying specific attention to concerns raised by the panel in relation to the Grassy Mountain Project.

On 29 June 2021, the Consolidated Entity received notification that the Canada's Federal Environment and Climate Change Minister had designated the Tent Mountain Project to undergo a Federal Impact Assessment under subsection 9(1) of the Impact Assessment Act. The Federal Impact Assessment is an effective process featuring set timelines but is likely to delay permitting for the Project, which was scheduled to produce first coal in 2023. The Federal process was initiated in Q3 2021 with submission of the Initial Project Description to the Impact Assessment Agency of Canada (IAAC), and the Company was subsequently directed to complete a Detailed Project Description for submission to IAAC. This process created an additional permitting process to the existing provincial process. At the date of this report, the Consolidated Entity continues to seek approval to restart the mine from both Provincial and Federal regulators.

On 4 March 2022, the Alberta Government announced results of its yearlong coal policy review, The Alberta Minister of Energy released the Coal Policy Committee reports (one outlining the public consultation and one setting out their recommendations) and indicated that all its recommendations are being adopted. The report made eight principal recommendations, with the result being a further pause on coal development while the Coal Policy is modernised.

Under a new Ministerial Order, no exploration or development activities can be carried out on any coal lands, regardless of land category, with the exception designated "advanced projects". The Consolidated Entity's Tent Mountain restart project has been identified as an advanced project, along with three other projects in Alberta so not impacted by this Ministerial Order. However, the Consolidated Entity must wait for the release of the Government's updated policies and plans before conducting further exploration and development activities at its other Alberta coal projects, including the Chinook Project.

Management completed a detailed review on the carrying value of its Exploration and Evaluation asset portfolio at 31 December 2021 under AASB 6 Exploration for and Evaluation of Mineral Resources and also conducted an impairment assessment in relation to the Tent Mountain Project in light of Federal Impact Assessment and the subsequent capital raise completed in December 2021.

Impairment is recognised if the carrying amount exceeds the recoverable amount. Recoverable amount was determined using fair value less costs to sell. Fair value is determined based upon the directors' assessment of the recoverable value under the current market conditions. Based on this review, management concluded that it was prudent to recognise impairment loss of \$10,416,991, equivalent to the difference between the market capitalisation and the net asset value of the Consolidated Entity as at 31 December 2021. Impairment loss was in full was recognised against the capitalised Tent Mountain Project costs at 31 December 2021.

Note 4. Non-current assets - exploration and evaluation (continued)

At 30 June 2022, the Consolidated Entity reviewed the indicators of impairment and concluded no further impairment charges required. The Board and Management will continue to assess the situation around the permitting approvals and ASX re-compliance process.

Note 5. Equity - issued capital

	Consolidated			
	30 June 2022 Shares	31 December 2021 Shares	30 June 2022 \$	31 December 2021 \$
Ordinary shares - fully paid	<u>292,746,633</u>	<u>289,805,457</u>	<u>45,204,400</u>	<u>45,054,400</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2022	289,805,457		45,054,400
Share issue	4 April 2022	<u>2,941,176</u>	\$0.0510	<u>150,000</u>
Balance	30 June 2022	<u>292,746,633</u>		<u>45,204,400</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 6. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 7. Contingent liabilities

The Consolidated Entity provided a reclamation deposit of CAD\$138,042 for the Tent Mountain Project. The Consolidated Entity will forgo this deposit if conditions of return are not met. With the exception to the above matter, the Consolidated Entity does not have any other contingent liabilities at reporting date.

Note 8. Commitments

The Consolidated Entity had no capital commitments for property, plant and equipment at 30 June 2022 and 30 June 2021.

Note 9. Events after the reporting period

The Company's securities have been suspended from trading in the Australian Securities Exchange (ASX) since 25 July 2022 in relation to the release of an announcement concerning the results of the pre-feasibility study of the TM-REX project. ASX has confirmed that the Company's reinstatement to trading on ASX will be conditional upon the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules.

On 24 August 2022, the Company lodged a Cleansing Prospectus with ASX for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the closing date. At the date of this report, the Company intends to submit an in-principal application with ASX in accordance with the re-compliance requirements. There is a risk that the Company may not meet all of the eligibility criteria set by ASX for a re-compliance listing under Chapters 1 and 2 of the Listing Rules. However, at the date of this report, the Company continues to advance two parallel strategies for developing Tent Mountain:

Note 9. Events after the reporting period (continued)

- (1) restart of the existing coal mine
- (2) transition of the existing coal mine to a potential renewable energy complex

Now that the economic analysis of TM-REX is available, the Company will look to compare the investment potential of both Tent Mountain development pathways, noting the two projects are mutually exclusive. The Company continues to advance the existing coal mine restart through the Federal and Provincial permitting processes.

On 24 August 2022, the Consolidated Entity announced that it has raised approximately \$1,000,000 by way of a placement where it would issue 24,820,114 fully paid ordinary shares at an issue price of \$0.04 (4.0 cents) per Share to professional, sophisticated and other exempt investors. Directors participated in the Placement and subscribed for a total of 2,054,243 fully paid shares, which are subject to shareholder approval at a general meeting of the Company. On 29 August 2022, the Company completed tranche one of the Placement issuing 22,765,871 fully paid ordinary shares. Proceeds raised will primarily be applied to fund the costs associated with: the sale process for the PHES project of the TM-REX, and to seek in principle approval from ASX for re-listing as well as working capital.

In addition, the Company also intends to make a non-renounceable entitlement offer to all shareholders at \$0.04 per share, to raise up to \$1 million and further advised it has commenced a process to sell up to 50% of the TM-REX Pumped Hydro Energy Storage project within the next 6 months.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 10. Earnings per share

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax attributable to the owners of Montem Resources Limited	<u>(2,554,899)</u>	<u>(808,163)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>291,235,421</u>	<u>224,228,144</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>291,235,421</u>	<u>224,228,144</u>
	Cents	Cents
Basic earnings per share	(0.8773)	(0.3604)
Diluted earnings per share	(0.8773)	(0.3604)

Diluted earnings per share

Options and performance rights have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted earnings per share as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The options and performance rights are non-dilutive as the Consolidated Entity has generated a loss for the year.

Note 11. Share-based payments

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Share-based payments expense - equity-settled</i>		
Total expense recognised for the period arising from share-based payment transactions in the income statement	-	28,689
Share-based payment arrangements forfeited during period recognised in the income statement	-	(141,669)
Share-based payment arrangements forfeited during period recognised under exploration assets	-	(208,917)
	<u>-</u>	<u>(321,897)</u>

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the fair value of the award on the grant date, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Reversals of the costs of equity-settled transactions during the previous period are for following reasons;

- Forfeiture of performance rights and options, for not meeting the non-market vesting conditions and the employee no longer being in the employment of the Company.
- Changes to the estimation of number of performance rights expected to become exercisable during the period. Estimates are revised during the period and the cumulative share-based compensation resulting from a revision is recognised in the current period.

Montem Resources Limited
Directors' declaration
30 June 2022



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Mark", written over a horizontal line.

Mark Lochtenberg
Chairman

13 September 2022

Montem Resources Limited Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Montem Resources Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant 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 half-year financial report of Montem Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 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 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the half-year financial report, which indicates that the consolidated entity has a net loss after tax of \$2,554,899 and net cash outflows from operations of \$2,050,298 for the half year ended 30 June 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of Management for the Financial Report

The directors of the Montem Resources Limited 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 Responsibilities 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 Company's financial position as at 30 June 2022 and its 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Melbourne, 13th September 2022