Montem Resources Limited

ABN 87 623 236 831

Annual Report - 31 December 2022

Montem Resources Limited
Contents
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Corporate directory
31 December 2022

Directors	Mark Lochtenberg, Chairman and Non-executive Director Peter Doyle, Managing Director and CEO Robert Tindall, Non-executive Director Susie Henderson, Non-executive Director William Souter, Non-executive Director William Bridge, Executive Director and Chief Development Officer (Appointed on 12 April 2023)
Company Secretary	Melanie Leydin
Registered office and 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 V6E 3N9
Stock exchange listing	Montem Resources Limited shares were delisted on the Australian Securities Exchange on 26 April 2023 (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, year ended 31 December 2022

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

Mark Lochtenberg, Chairman and Non-executive Director
Peter Doyle, Managing Director and CEO
Robert Tindall, Non-executive Director
Susie Henderson, Non-executive Director
William Souter, Non-executive Director
William Bridge, Executive Director and Chief Development Officer (appointed on 12 April 2023)

Company overview and principal activities
Montem is transferring from a steelmaking coal company to a renewable energy development company. Our assets are based in the Canadian provinces of Alberta and British Columbia.

The Company's objective is to create an industry leading energy storage and renewable energy generation business, based around our cornerstone project, the Tent Mountain Pumped Hydro Energy Storage Project, and the Tent Mountain Renewable Energy Complex in the Crowsnest Pass, Alberta.

The Company had previously planned an integrated coal mining complex in the Crowsnest Pass, initially focusing on the development of the Tent Mountain Mine re-start, and then planning to develop additional open-cut operations at Montem's assets in southern Alberta. In 2020, Montem completed a Definitive Feasibility Study on the Tent Mountain Mine re-start, and continued to advance through the regulatory process to re-start the mine. However, Montem's coal projects subsequently suffered significant regulatory setbacks. In 2021, the Tent Mountain Mine re-start project was designated for Federal review by the Impact Assessment Agency of Canada. Subsequently, in early 2022, Montem was effectively "locked out" of projects by the Alberta Government at all our assets except Tent Mountain. Considering delays to the Tent Mountain Mine re-start and considering the overall regulatory backdrop for coal mine developments in Alberta, Montem identified alternate development pathways for Tent Mountain, including transitioning the project to a renewable energy complex ("TM-REX").

Tent Mountain Renewable Energy Complex (TM-REX)
Montem is transitioning the Tent Mountain Mine to become a renewable energy complex, with an estimated project life of 80+ years. The planned development includes three primary elements: a 320 MW / 4,800 MWh Pumped Hydro Energy Storage facility ("PHES"), a 100 MW Green Hydrogen Electrolyser, and a 100 MW Wind Farm. The PHES will be located at the idle Tent Mountain Mine, whilst the Green Hydrogen Electrolyser and associated wind farm are planned to be located offsite from Tent Mountain.

On 14 February 2023, Montem signed a binding agreement with TransAlta TMPH LP, a wholly owned subsidiary of NYSE and TSX listed TransAlta Corporation ("TransAlta") to sell 50% of TM-REX. The sale includes rights to the land, fixed assets and intellectual property associated with a PHES development project, plus the intellectual property associated with offsite green hydrogen electrolyser and offsite wind farm. Proceeds from the sale are expected to provide the capital required for Montem to advance the development of the TM-PHES with TransAlta. On 12 April 2023, Montem secured shareholder approval of the TransAlta transaction.

Chinook
The Company identified the potential for a large mining complex to be established at the Chinook Project, near Coleman, Alberta. 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.

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.

The impact of that statement is the new Coal Policy appears unlikely to be settled for a number of years while subregional land use 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.

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. 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. Montem effectively remains "locked out" of our assets, with no indication when this lock-out may be lifted. On 8 February 2023 Montem filed a statement of claim in the Court of King's Bench of Alberta to sue the Alberta government to recover damages arising from the constructive taking of Montem's freehold mineral rights and coal leases in the Chinook Project as well as the undeveloped properties comprising the 4-Stack, Oldman, and Isola Projects.

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

Review of financial results
The loss for the Consolidated Entity after providing for income tax amounted to $15,097,654 (31 December 2021: $14,055,639).

The loss for the current period is consistent with the principal activities of the Consolidated Entity with no revenue-generating activities. Following were the significant transactions during the year.

- The Consolidated Entity recognised an impairment loss of $11,887,242 (2021: $10,416,991) in relation to Tent Mountain project costs. Management, conservatively, recognised impairment losses on Tent Mountain due to the Federal Impact Review, which was commissioned during the financial year.
- The Consolidated Entity incurred $2,515,188 on the development of the TM-REX which included the initial set-up, consulting work and completing the Pre-Feasibility Study for the TM-PHES
- The Consolidated Entity reversed previously recognised share-based payment expenses of $1,391,560 (2021: $311,642) through income statement due to lapse of Options and Performance rights.
- The Consolidated Entity incurred operating cash outflow of $4,266,811 (2021: $3,283,362). This includes $2,311,838 on initial set-up and consulting work related to feasibility studies for the TM-REX project.
- The Consolidated Entity incurred evaluation and exploration costs of $1,000,698 (2021: $3,357,428) during the year.
- The Consolidated Entity raised capital of $1,033,592 (2021: $7,745,179), net of cash costs during the year.
- The Consolidated Entity received $456,444 from disposal of property during the year.

As at 31 December 2022, the cash balance was $363,696 (2021: $3,803,727) and net working capital deficit was $546,101 (2021: Surplus of $3,197,879).

Review of operations

During the year ending 31 December 2022, principal continuing activities of the Company was the development of the TM-REX. In July 2022, Montem received the finalized Pre-Feasibility Study ("PFS") from Hatch Engineering ("Hatch"), which included design, engineering work, cost estimates for the TM-PHES, and development studies for the Green Hydrogen Electrolyser element of the TM-REX. These studies confirmed the TM-REX as an outstanding renewable energy project with compelling economics.

TM-PHES design

The results of the Hatch work for the PFS were positive, indicating the Tent Mountain site is suitable for hosting a PHES with an 80+ year project life, 320 MW installed capacity, with the potential of up to 4,800 MWh storage capacity and a continuous generation duration of 15 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.

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

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.

Montem and TransAlta entered a set of partnership agreements to co-own and operate the TM-PHES development project. TransAlta has been appointed the developer, taking advantage of its experience developing and operating hydroelectric power projects, reporting to the 50:50 general partnership. 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 and to expand the environmental baseline studies to support permit applications. Following the geotechnical work, the partnership expect to complete the front-end engineering design ("FEED") work for the project.

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.

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, logically downstream, where viable renewable water sources are available.

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

Ownership of the intellectual property developed for TM-REX forms part of the partnership with TransAlta and future studies will be conducted jointly.

TM-REX Sales Process
In late 2022, Montem engaged PwC to run a competitive process to secure a strategic partner to purchase 50% of the TM-REX. Proceeds from the potential sale are expected to provide the immediate capital required for Montem to advance the development of the TM-PHES with their new partner. Montem reached agreement with TransAlta Corporation ("TransAlta") to sell half the Tent Mountain Renewable Energy Complex ("TM-REX") for up to C$24.7 million (A$[27.4 million]). TransAlta earns annual revenue of about C$3 billion and owns, operates, and develops a diverse fleet of electrical power generation assets in Canada, the United States and Australia.

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, TransAlta and Piikani will provide regulatory clarity and community acceptance for the project.

Investment Tax Credit for Clean Technologies
The Government of Canada's 2022 Fall Economic Statement included an Investment Tax Credit ("ITC") for Clean Technologies. The ITC has the potential to reduce the TM-PHES capital cost estimate by up to C$150 million.

The ITC will be a refundable tax credit equal to 30% of the capital cost of eligible equipment investments in clean technologies, with a focus on net-zero technologies, which includes energy storage solutions (such as the TM-PHES). The ITC also includes a tax credit of up to 40% of the capital cost of investments in clean hydrogen production. The ITC aims to aid in Canada's transition to a net-zero economy by making it more attractive for businesses to invest in clean energy infrastructure in the country. The ITC has the potential to be applied to TM-PHES capital-intensive equipment including, penstocks, the powerhouse, turbines, generators, transformers, and transmission infrastructure, which make up approximately 60% of the current TM-PHES capital cost estimate.

The ITC will be available when the Government of Canada's 2023 Budget Implementation Act is passed in parliament and no longer in effect at the start of 2035, subject to a phase-out starting in 2032. Montem expects all three elements of the TM-REX: the pumped hydro energy storage; green hydrogen electrolyser; and wind farm, to be eligible for the ITC. PHES, clean hydrogen technologies, and wind power are all named as eligible for the ITC which could result in not only a material change to the TM-PHES capital cost estimate but also the capital costs associated with the green hydrogen electrolyser and offsite wind farm. The Budget Implementation Act for the 2023 Federal budget has not yet been introduced and its language could differ from the Fall Economic Statement resulting in a material difference to Montem's estimates of the economic benefit.

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"). On 8 November 2022, the Company received notification it did not qualify for the current round of funding through Canada's Clean Fuels Program. The Company sought further clarity from the Federal Government agencies regarding why the TM-REX did not meet the funding criteria and is using that feedback to focus future funding applications.

Montem and TransAlta will share in future government funding for the TM-REX and will work together to achieve them. Montem believes the partnership will have a greater chance of success in attracting government funding than Montem alone.

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.

Voluntary Suspension

On 25 July 2022, the Company's securities were placed into voluntary suspension as to the application of Listing Rule 11.1 in relation to the results of the TM-REX Pre-Feasibility Studies. The ASX has confirmed that Montem's Reinstatement to trading on the ASX will be conditional upon the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules.

On 17 February 2023, the ASX has provided in-principle advice to Montem that there is a significant likelihood that it will not satisfy Listing Rule 1.1 condition 1, or that ASX would otherwise exercise its discretion under Listing Rule 1.19 to refuse the Company's application for re-admission to the official list, if the Company pursues the TM-REX Sales Process and seeks to re-comply with Chapters 1 and 2 of the Listing Rules. Having carefully considered the benefits of the transaction and other alternatives for the Company, the Board concluded it is in the best interests of shareholders to pursue the transaction notwithstanding this in-principle advice from ASX. On 12 April 2023, Shareholders approved, as a special resolution, the removal of Montem from the official list of the ASX (Official List) pursuant to ASX Listing Rule 17.11 (Delisting). Montem shares were delisted on the ASX on 26 April 2023 and following the completion of the Delisting Montem's shares are no longer quoted on the ASX.

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 are suspended pending additional information from the Alberta Government.

On 4 April 2022, the Company 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 entered into a Memorandum of Understanding (MOU) with Invest Alberta, effective from 23 March 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").

The Company's securities have been suspended from trading on 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 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 were subject to shareholder approval. On 29 August 2022, the Company completed tranche one of the Placement by issuing 22,765,871 fully paid ordinary shares.

On 29 September 2022, the Company announced a pro rata non-renounceable entitlement offer of 1 New Share for every Existing Shares held by Eligible Shareholders at the Offer Price of $0.04 (4.0 cents) per Share. On 21 October the Company issued 3,637,992 fully paid ordinary shares under the entitlement offer raising $145,520.

On 4 November 2022, following shareholder approval at the General Meeting held on 2 November 2022, the Company issued 3,179,243 fully paid ordinary shares an issue price of $0.04 (4.0 cents) per share to Directors as follows:

- 1,500,000 fully paid ordinary shares to Mr Mark Lochtenberg under the terms of the Placement announced on 24 August 2022 raising $60,000;
- 554,243 fully paid ordinary shares to Mr Peter Doyle representing conversion of accrued unpaid salary; and
- 1,125,000 fully paid ordinary shares to Mr Will Souter and Ms Susie Henderson representing conversion of accrued Directors fees.

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

Matters subsequent to the end of the financial year
On 12 January 2023, the Company has issued 500,000 fully paid ordinary shares under the shortfall from the Non-renounceable Entitlement Offer Prospectus announced on 20 October 2022.

TM-REX Binding Sales Process
On 14 February 2023, Montem signed a binding agreement with TransAlta TMPH LP, a wholly owned subsidiary of NYSE and TSX listed TransAlta Corporation ("TransAlta") to sell 50% of its TM-REX assets in Alberta, Canada. The sale includes rights to the land, fixed assets and intellectual property associated with the TM-PHES, offsite green hydrogen electrolyser and offsite wind farm. The TM-PHES is expected to be developed over the next 4 years and subject to regulatory, commercial, and engineering considerations, could be ready for construction as early as 2026, with a target commercial operation date between 2028 to 2030.

Subject to the terms of the definitive agreements between the parties, TransAlta will pay C$24.7M for 50% equity interest in the TM-REX based on achieving following development and commercial milestones:

- C$7.7M (A$8.3M) on completion of the transaction, pursuant to which TransAlta will make its investment in the TM-REX;
- C$3.5M (A$3.8M) on achievement of Alberta Utilities Commission ("AUC") approval for the TM-PHES;
- C$3.5M (A$3.8M) on execution of a Power Purchase Agreement ("PPA") for the TM-PHES; and
- C$10.0M (A$10.8M) on achievement of commercial operations for the TM-PHES.

PMRU agreement
On 3 February 2023, the Consolidated Entity and Prairie Mines & Royalties ULC (PMRU, a subsidiary of Westmoreland Coal Company) entered an agreement for the requisite release of lien on Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (collectively called the Chinook Properties). Subject to conditions precedent, this agreement replaces the Purchase Agreement discussed above concerning material contracts are summarized in note 16 to the financial statements.

ASX In-Principle Application
On 17 February 2023, the ASX has provided in-principle advice to Montem that it will not satisfy Listing Rule 1.1 condition 1, or that ASX would otherwise exercise its discretion under Listing Rule 1.19 to refuse the Company's application for re-admission to the official list, if the Company pursues the transaction and seeks to re-comply with Chapters 1 and 2 of the Listing Rules.

Having carefully considered the benefits of the transaction and other alternatives for the Company, the Board concludes it is in the best interests of shareholders to pursue the transaction notwithstanding this in-principle advice from the ASX. On 12 April 2023, Shareholders approved, as a special resolution, the removal of Montem from the official list of the ASX (Official List) pursuant to ASX Listing Rule 17.11 (Delisting).

Extraordinary General Meeting (***EGM) Results***
At the Extraordinary General Meeting held on 12 April 2023 (Meeting), the Shareholders have approved completion of the sale of 50% of the TM-REX Project to TransAlta Corporation (Proposed Transaction), as announced to the Market on 22 February 2023. This approval opens a new and exciting chapter in Montem's transition to focus on energy storage and renewable energy development.

On the same Meeting, the Shareholders also approved a special resolution to remove the Montem from the official list of the ASX, pursuant to ASX Listing Rule 17.11 (Delisting), as outlined in the Notice of Extraordinary General Meeting dated 9 March 2023. Pursuant to this approval, Montem shares were delisted from the ASX official list on 26 April 2023. Following the completion of the Delisting Montem's shares are no longer quoted on the ASX.

In addition, the Shareholders approved the Company to issue 12,806,849 Shares at an issue price of $0.04 per Share in the Company for the settlement of a loan amounting to $512,274 owed to Rigi Investments Pty Ltd, a company associated with Mr Mark Lochtenberg, Chairman and Non-executive Director. The Company completed the issue of Shares on 17 April 2023.

Finally, in the Meeting William Bridge was elected as an Executive Director of Montem.

No other matter or circumstance has arisen since 31 December 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 and development of renewable energy assets in Canada and yet to generate revenues. The Company has a cash and cash equivalents balance of $363,696 and net assets of $2,732,710. The Company may require substantial additional financing in the future to sufficiently fund exploration and development commitments and its other longer-term objectives.

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 is 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 mining at 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.

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-partly 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.

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.

Likely developments and expected results of operations
On 14 February 2023, Montem signed a binding agreement with TransAlta TMPH LP, a wholly owned subsidiary of NYSE and TSX listed TransAlta Corporation ("TransAlta") to sell 50% of its TM-REX in Alberta, Canada. The sale includes rights to the land, fixed assets and intellectual property associated with the TM-PHES, plus the intellectual property associated with offsite green hydrogen electrolyser and offsite wind farm. Subject to the terms of the definitive agreements between the parties, TransAlta will pay C$24.7M (A$26.7M) for 50% of the TM-REX based on achievement of development and commercial milestones.

On 17 February 2023, the ASX has provided in-principle advice to Montem that there is a significant likelihood that it will not satisfy Listing Rule 1.1 condition 1, or that ASX would otherwise exercise its discretion under Listing Rule 1.19 to refuse the Company's application for re-admission to the official list, if the Company pursues the transaction and seeks to re-comply with Chapters 1 and 2 of the Listing Rules.

Having carefully considered the benefits of the transaction and other alternatives for the Company, the Board concludes it is in the best interests of shareholders to pursue the transaction notwithstanding this in-principle advice from the ASX. As outlined in the Notice of Extraordinary General Meeting dated 9 March 2023 (Notice of Meeting), following Shareholder approval on 12 April 2023 Montem shares were delisted on the ASX on 26 April 2023. Following the completion of the Delisting Montem's shares are no longer quoted on the ASX.

Due to the prevailing uncertainties associated with the Government of Alberta's 1976 Coal Development Policy and the moratorium on exploration and development activities, 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. The new Coal Policy is unlikely to be settled for a number of years while subregional plans are developed.

Competent persons statement

Disclaimer

Hatch's report referred to in this report 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 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.

Information on Directors

Name:	Mark Lochtenberg
Title:	Chairman and Non-executive Director
Qualifications:	LLB (Hons)
Experience and expertise:	Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 30 years. Mr Lochtenberg is the former Executive Chairman and founding Managing Director of ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited). He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to an emerging mainstream coal producer. Mr Lochtenberg was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal. Prior to this Mr Lochtenberg established a coal "swaps" market for Bain Refco, (Deutsche Bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited. Mr Lochtenberg has previously been a Director of ASX-listed Pacific American Coal Limited and Cumnock Coal Limited and of privately held United Collieries Pty Limited and is currently a Director of Australian Transport and Energy Corridor Pty Limited, (ATEC), ASX-listed Nickel Mines Limited Equus Mining Limited and Terracom Resources Limited.
Other current directorships:	Director, Equus Mining Limited, Nickel Mines Limited and Terracom Resources Limited.
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Audit and Risk Committee
Interests in shares:	13,223,330 ordinary shares
Interests in options:	350,190
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Peter Doyle
Title:	Managing Director and Chief Executive Officer
Qualifications:	BSc (Geol), MBA
Experience and expertise:	Mr Doyle is a geologist with 25 years coal industry experience. Mr Doyle has worked in roles in exploration, planning, development, production, and management. Previous positions include VP Marketing and Business Development at Atrum Coal Ltd, Chief Operating Officer at Cockatoo Coal Ltd, VP Coal at Wood Mackenzie and Project Manager at Glencore (Xstrata Coal). As well as having spent the first decade of his career working at coal mines in the Hunter Valley, Mr Doyle has worked in project development, marketing and management in the coal industries of China, USA, Mongolia, Russia and Europe. Mr Doyle has been involved in successful greenfield and brownfield coal mine developments, and managed coal mines selling to export metallurgical markets. Mr Doyle was previously a Director at Wiggins Island Coal Terminal, and at ATEC Rail Group. Mr Doyle has been based in Canada since 2014. Mr Doyle joined Montem Canada in 2017 and became Managing Director of the Company in January 2018. Mr Doyle holds a Bachelor of Science (Geology), and MBA from Newcastle University.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	4,123,971 ordinary shares
Interests in options:	1,400,778
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Mr Robert Tindall
Title:	Non-executive Director
Qualifications:	BA, M.Tax
Experience and expertise:	Mr Tindall has over 25 years of resources and finance experience and is the founder of Montem Resources. Mr Tindall has been the founder of several resource companies including being the Co-Founder and Chairman of Origins, a bulk soft commodities business. Mr Tindall was previously the CEO of Transatlantic Mining Corporation. He is the principal of GTG Corporate and has extensive experience in funding a number of resource projects globally including coal projects in Australia. Mr Tindall holds a Bachelor of Arts and a Master of Taxation Degree and is a Fellow of the Australian Institute of Company Directors.
Other current directorships:	Silica Resources Australia Ltd
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Remuneration and Nomination Committee
Interests in shares:	5,320,260 ordinary shares
Interests in options:	933,852
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Ms Susie Henderson
Title:	Non-executive Director
Qualifications:	BBus (Acct), CPA, GAICD.
Experience and expertise:	Ms Henderson is a management consultant with focus on infrastructure and mining. Ms Henderson is currently President North America for GHD Advisory, a global consulting firm. Ms Henderson has over 20 years global experience in the field and is highly respected for her strong strategic positioning skills and has a background in operational and financial audit. Ms Henderson is also currently a committee member on the Global GHD Board finance committee Previous roles include GM – Strategic Infrastructure and Government Relations at Macarthur Coal Ltd, Executive Management with Aurizon (Coal) and Project Development Manager with London Underground. Ms Henderson has worked across a wide range of industries and across a variety of jurisdictions in Canada, the United States, Latin America, Southeast Asia, England and Australia. Ms Henderson's areas of focus include government, mining/ resources, infrastructure/ logistics and energy. In addition to her degree in Accounting, Ms Henderson has completed the globally recognized and rigorous CPA® and AICD® Programs as well as being nominated for the EY Entrepreneur of the Year. Ms Henderson is a Graduate of Australian Institute of Company Directors, a Certified Practicing Accountant and holds a Bachelor of Business.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Audit and Risk Committee and Chair of Remuneration and Nomination Committee
Interests in shares:	930,931 fully paid ordinary shares
Interests in options:	350,194
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	Mr William Souter
Title:	Non-executive Director
Qualifications:	BCom, LLB (Adel), IPAA, Admitted to the Supreme Court of NSW, GAICD
Experience and expertise:	Mr Souter is a lawyer and investment banker with extensive global transaction and fundraising experience, particularly in the resource sector. Mr Souter was previously Executive Director at RFC Ambrian and currently CFO at Atomo Diagnostics. Prior roles of Mr Souter include as a Director at PricewaterhouseCoopers, and at Minter Ellison Lawyers.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Remuneration and Nomination Committee and Chair of Audit and Risk Committee
Interests in shares:	904,263 ordinary shares
Interests in options:	350,194
Interests in rights:	Nil
Contractual rights to shares:	Nil

Name:	William Bridge
Title:	Executive Director and Chief Development Officer (Appointed 12 April 2023)
Qualifications:	B.Eng., ICD.D
Experience and expertise:	Mr William Bridge is a 30-year power industry executive and corporate director with a track record of strategic leadership and growth in domestic and international power markets. Mr Bridge has held leadership positions with TransAlta Corporation (1996-2012), and ATCO Power including Chief Technology Officer, Executive Vice-President Generation Technology, and Executive Vice-President, Business Development. Mr Bridge is holder of the Canadian Institute of Corporate Directors Director designation and currently serves as Board Chair for Calgary Housing Company and Board Director for the Fusion Energy Council of Canada. He is also a mentor in the Start-Up incubator Creative Destruction Lab located at the University of Calgary's Haskayne School of Business. In addition to his current roles, Mr Bridge is past Chair of the Alberta Electric System Operator (AESO) and has held board positions with the Canadian Electricity Association, the Alberta Chamber of Resources, and the Association of Power Producers of Ontario.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	4,954,750
Interests in options:	Nil
Interests in rights:	Nil
Contractual rights to shares:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

Ms Melanie Leydin – BBus (Acc. Corp Law) CA FGIA
Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. Ms Leydin is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Ms Leydin is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings and shareholder relations.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2022, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk		Remuneration and Nomination	
	Attended	Held	Attended	Held	Attended	Held
Robert Tindall	16	16	-	-	2	2
Peter Doyle	16	16	-	-	-	-
William Souter	15	16	6	6	2	2
Susie Henderson	14	16	5	6	2	2
Mark Lochtenberg	14	16	2	6	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Shares under option

Unissued ordinary shares of Montem Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
12/01/2018	31/12/2023	$0.7500	649,806
12/01/2018	31/12/2024	$1.0000	649,806
06/04/2018	31/12/2023	$0.7500	116,732
06/04/2018	31/12/2024	$1.0000	116,730
08/07/2019	31/12/2023	$0.7500	58,366
08/07/2019	31/12/2024	$1.0000	58,365
28/05/2021	28/05/2026	$0.3100	564,203
28/05/2021	28/05/2026	$0.3700	564,203
28/05/2021	28/05/2026	$0.5000	564,200
			3,342,411

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

There were no unissued ordinary shares of Montem Resources Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Montem Resources Limited issued on the exercise of options during the year ended 31 December 2022 and up to the date of this report.

The following options over ordinary shares of Montem Resources Limited were lapsed during the year ended 31 December 2022.

Date options granted	Exercise price	Number of Options
24/09/2019	$0.2500	1,375,000

Shares issued on the exercise of performance rights

There were no ordinary shares of Montem Resources Limited issued on the exercise of performance rights during the year ended 31 December 2022 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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.

Auditor
William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the Directors

Mark Lochtenberg
Chairman

1 May 2023

Remuneration report (audited)
The remuneration report details the Key Management Personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to Key Management Personnel

Principles used to determine the nature and amount of remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board'), through Remuneration and Nomination committee, ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board, through Remuneration and Nomination committee, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (where appropriate), the Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- achieving project milestones, funding requirements and operational excellence as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of growth in share price (and potential future dividends), and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive Director remuneration is separate.

Non-executive Director's remuneration

Fees and payments to Non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed periodically by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate Non-executive Directors' remuneration be determined periodically by a general meeting. The Non-executive Directors annual aggregate remuneration is $500,000 per annum as stipulated in the Constitution.

Executive remuneration

The Consolidated Entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the Executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

The short-term incentives ('STI') are payable to Executives based upon the attainment of agreed corporate and individual milestones and are reviewed and approved by the Board of Directors.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Consolidated Entity's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 2020.

Consolidated Entity's performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Consolidated Entity. A portion of cash bonus and incentive payments are dependent on achieving defined project related milestones, funding targets and other targets deemed appropriate by the Board. The remaining portion of the cash bonus and incentive payments may be at the discretion of the Board.

The Board is of the opinion that the continued success of the Consolidated Entity over the last few years can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors' fees and payments are appropriate and in line with the market. An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. The Remuneration and Nomination Committee did not use the services of a remuneration consultant during the year.

Details of remuneration

Amounts of remuneration
Details of the remuneration of Key Management Personnel of the Consolidated Entity are set out in the following tables.

The Key Management Personnel of the Consolidated Entity consisted of the following Directors of Montem Resources Limited:
- Mark Lochtenberg, Chairman and Non-executive Director
- Peter Doyle, Managing Director and CEO
- Robert Tindall, Non-executive Director
- Susie Henderson, Non-executive Director
- William Souter, Non-executive Director

And the following persons:
- Robert Bell, Chief Commercial Officer
- Melanie Leydin, Chief Financial Officer and Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
31 December 2022	**Cash salary and fees $**	**Annual leave (i) $**	**Bonus $**	**Super-annuation $**	**Long service leave $**	**Equity-settled (v) $**	**Total $**
Non-Executive Directors:							
Mark Lochtenberg	90,909	-	-	9,091	-	(32,436)	67,564
Robert Tindall	55,000	-	-	-	-	(251,667)	(196,667)
Susie Henderson	45,000	-	-	-	-	(109,991)	(64,991)
William Souter	45,000	-	-	-	-	(109,991)	(64,991)
Executive Directors:							
Peter Doyle (ii)	528,756	8,113	-	18,704	-	(439,962)	115,611
Other Key Management Personnel:							
Robert Bell (iii)	312,606	(10,769)	-	12,236	-	(282,634)	31,439
Melanie Leydin (iv)	182,006	-	-	-	-	-	182,006
	1,259,277	(2,656)	-	40,031	-	(1,226,681)	69,971

(i) *Annual leave amounts represent the movements in the carried forward accrued annual leave balances for executives compared to the previous financial year.*

(ii) *Mr Peter Doyle's remuneration includes salaries amounting to CAD 476,342 and Company's contribution towards employment insurance amounting to CAD 1,334. Post-employment benefits includes both current and prior year contributions towards Registered Retirement Savings Plan (RRSP). One month salary has been paid in equity.*

(iii) *Mr Robert Bell's remuneration includes salaries amounting to CAD 281,073 and Company's contribution towards employment insurance amounting to CAD 1,334. Post-employment benefits includes both current and prior year contributions towards Registered Retirement Savings Plan (RRSP).*

(iv) *The Company paid $182,005 for accounting and corporate secretarial services from an entity controlled by Ms Melanie Leydin, during her term as Chief Financial Officer. All transactions were made on normal commercial terms and conditions and at market rates.*

(v) *Equity settled share based payment represent the fair value of Share Options and Performance Rights (equity instruments) issued to Key Management Personnel during the current and previous financial periods. These equity instruments are recognised in the financial statements as per the requirements of AASB 2 Share-based Payment (AASB2). Equity instruments which were lapsed, or forfeited or assessed not to be satisfying non-market performance conditions are reversed according to AASB 2, both in the financial statements and in this Remuneration Report.*

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
31 December 2021	**Cash salary and fees $**	**Annual leave (i) $**	**Bonus $**	**Super-annuation $**	**Long service leave $**	**Equity-settled (v) $**	**Total $**
Non-Executive Directors:							
Mark Lochtenberg	91,117	-	-	8,883	-	(11,936)	88,064
Robert Tindall	60,000	-	-	-	-	12,733	72,733
Susie Henderson	45,000	-	-	-	-	4,775	49,775
William Souter	45,000	-	-	-	-	4,775	49,775
Executive Directors:							
Peter Doyle (ii)	507,019	11,669	-	68,256	-	(141,110)	445,834
Other Key Management Personnel:							
Robert Bell (iii)	299,717	(6,887)	-	10,262	-	(81,209)	221,883
Melanie Leydin (iv)	129,890	-	-	-	-	-	129,890
	1,177,743	4,782	-	87,401	-	(211,972)	1,057,954

(i) *Annual leave amounts represent the movements in the carried forward accrued annual leave balances for executives compared to the previous financial year.*

(ii) *Mr Peter Doyle's remuneration includes salaries amounting to CAD 476,342 and Company's contribution towards employment insurance amounting to CAD 1,245. Post-employment benefits includes both current and prior year contributions towards Registered Retirement Savings Plan (RRSP).*

(iii) *Mr Robert Bell's remuneration includes salaries amounting to CAD 281,073 and Company's contribution towards employment insurance amounting to CAD 1,245. Mr Robert Bell became a part time employee during the year 2020. Post-employment benefits includes both current and prior year contributions towards Registered Retirement Savings Plan (RRSP).*

(iv) *The Company paid $129,890 for accounting and corporate secretarial services from an entity controlled by Ms Melanie Leydin, during her term as Chief Financial Officer. All transactions were made on normal commercial terms and conditions and at market rates.*

(v) *Equity settled share based payment represent the fair value of Share Options and Performance Rights (equity instruments) issued to Key Management Personnel during the current and previous financial periods. These equity instruments are recognised in the financial statements as per the requirements of AASB 2 Share-based Payment (AASB2). Equity instruments which were lapsed, or forfeited or assessed not to be satisfying non-market performance conditions are reversed according to AASB 2, both in the financial statements and in this Remuneration Report.*

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-Executive Directors:						
Mark Lochtenberg	148%	114%	-	-	(48%)	(14%)
Robert Tindall	(28%)	82%	-	-	128%	18%
Susie Henderson	(69%)	90%	-	-	169%	10%
William Souter	(69%)	90%	-	-	169%	10%
Executive Directors:						
Peter Doyle	481%	137%	-	-	(381%)	(37%)
Other Key Management Personnel:						
Robert Bell	999%	138%	-	-	(899%)	(38%)
Melanie Leydin	100%	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for key Management Personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Peter Doyle
Title:	Managing Director and CEO
Agreement commenced:	1 June 2018
Term of agreement:	Ongoing
Details:	Annual salary of CAD 475,000 excluding statutory and other required deductions. Mr Peter Doyle's employment agreement is for an indefinite term, continuing until terminated by either the Company or Mr Peter Doyle. Mr Peter Doyle may terminate his employment agreement by giving at least 3 months' notice in writing. The Company may terminate the agreement at any time for cause (with no payment of any additional remuneration save for any accrued and owing entitlements) or without cause at any time upon the Company providing Mr Peter Doyle with payment of 12 months of total fixed remuneration.
Name:	Robert Bell
Title:	Chief Commercial Officer
Agreement commenced:	17 May 2018
Term of agreement:	Ongoing
Details:	Annual salary of CAD 350,000 excluding statutory and other required deductions. Mr Robert Bell may terminate his employment agreement by giving at least 3 months' notice in writing. The Company may terminate the agreement at any time for cause (with no payment of any additional remuneration save for any accrued and owing entitlements) or without cause at any time upon by providing Mr Robert Bell with payment of 12 months of total fixed remuneration. Mr Robert Bell became a part time employee during the year 2020.
Name:	Melanie Leydin
Title:	Company Secretary and Chief Financial Officer
Agreement commenced:	2 November 2020
Term of agreement:	Ms Melanie Leydin's services as the Chief Financial Officer for the Company are provided under a consulting services agreement between the Company and Vistra Australia (Melbourne) Pty Ltd (formerly Leydin Freyer Corp Pty Ltd). In consideration for performing the services, the Company pays an hourly rate of $300 per hour.

Key Management Personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to Directors and other Key Management Personnel as part of compensation during the year ended 31 December 2022.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Peter Doyle	233,463	12-Jan-18	01-Jan-19	31-Dec-23	$0.7500	$0.374
Peter Doyle	233,463	12-Jan-18	01-Jan-20	31-Dec-24	$1.0000	$0.381
Robert Tindall	155,642	12-Jan-18	01-Jan-19	31-Dec-23	$0.7500	$0.374
Robert Tindall	155,642	12-Jan-18	01-Jan-20	31-Dec-24	$1.0000	$0.381
Robert Bell	175,097	12-Jan-18	01-Jan-19	31-Dec-23	$0.7500	$0.374
Robert Bell	175,097	12-Jan-18	01-Jan-20	31-Dec-24	$1.0000	$0.381
William Souter	58,366	06-Apr-18	01-Jan-19	31-Dec-23	$0.7500	$0.368
William Souter	58,365	06-Apr-18	01-Jan-20	31-Dec-24	$1.0000	$0.374
Susie Henderson	58,366	06-Apr-18	01-Jan-19	31-Dec-23	$0.7500	$0.368
Susie Henderson	58,365	06-Apr-18	01-Jan-20	31-Dec-24	$1.0000	$0.374
Mark Lochtenberg	58,366	08-Jul-19	01-Jan-20	31-Dec-23	$0.7500	$0.106
Mark Lochtenberg	58,365	08-Jul-19	01-Jan-21	31-Dec-24	$1.0000	$0.111
Mark Lochtenberg	58,366	28-May-21	28-May-21	28-May-26	$0.3100	$0.045
Mark Lochtenberg	58,366	28-May-21	28-May-22	28-May-26	$0.3700	$0.042
Mark Lochtenberg	58,365	28-May-21	28-May-23	28-May-26	$0.5000	$0.038
Peter Doyle	233,463	28-May-21	28-May-21	28-May-26	$0.3100	$0.045
Peter Doyle	233,463	28-May-21	28-May-22	28-May-26	$0.3700	$0.042
Peter Doyle	233,463	28-May-21	28-May-23	28-May-26	$0.5000	$0.038
Robert Tindall	155,642	28-May-21	28-May-21	28-May-26	$0.3100	$0.045
Robert Tindall	155,642	28-May-21	28-May-22	28-May-26	$0.3700	$0.042
Robert Tindall	155,642	28-May-21	28-May-23	28-May-26	$0.5000	$0.038
Susie Henderson	58,366	28-May-21	28-May-21	28-May-26	$0.3100	$0.045
Susie Henderson	58,366	28-May-21	28-May-22	28-May-26	$0.3700	$0.042
Susie Henderson	58,365	28-May-21	28-May-23	28-May-26	$0.5000	$0.038
William Souter	58,366	28-May-21	28-May-21	28-May-26	$0.3100	$0.045
William Souter	58,366	28-May-21	28-May-22	28-May-26	$0.3700	$0.042
William Souter	58,365	28-May-21	28-May-23	28-May-26	$0.5000	$0.038

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by Directors and other Key Management Personnel as part of compensation during the year ended 31 December 2022 are set out below:

Name	Number of options granted during the year 31 December 2022	Number of options granted during the year 31 December 2021	Number of options vested during the year 31 December 2022	Number of options vested during the year 31 December 2021
Mark Lochtenberg	-	175,097	58,366	116,731
Peter Doyle	-	700,389	233,463	233,463
Robert Tindall	-	466,926	155,642	155,642
Susie Henderson	-	175,097	58,366	58,366
William Souter	-	175,097	58,366	58,366

Performance rights
There were no performance rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 31 December 2022.

Additional disclosures relating to Key Management Personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals	Other	Balance at the end of the year
Ordinary shares					
Mark Lochtenberg*	8,782,154	4,441,176	-	-	13,223,330
Peter Doyle**	3,569,728	554,243	-	-	4,123,971
Robert Tindall	13,936,864	-	(8,616,604)	-	5,320,260
Susie Henderson**	368,431	562,500	-	-	930,931
William Souter**	341,763	562,500	-	-	904,263
	26,998,940	6,120,419	(8,616,604)	-	24,502,755

* Ordinary Shares purchased on-market.
** Issue of Fully Paid Ordinary Shares following shareholder approval at the Company's General Meeting held on 2 November 2022 on conversion of accrued Directors' Fees and Managing Director's accrued unpaid salary.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
Options over ordinary shares					
Peter Doyle	2,088,278	-	-	(687,500)	1,400,778
Robert Tindall	933,852	-	-	-	933,852
Robert Bell	837,791	-	-	(312,500)	525,291
Susie Henderson	350,194	-	-	-	350,194
William Souter	350,194	-	-	-	350,194
Mark Lochtenberg	350,194	-	-	-	350,194
	4,910,503	-	-	(1,000,000)	3,910,503

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Lapsed	Balance at the end of the year
Performance rights over ordinary shares					
Peter Doyle	3,200,389	-	-	(3,200,389)	-
Robert Tindall	716,926	-	-	(716,926)	-
Robert Bell	1,475,292	-	-	(1,475,292)	-
William Souter	425,097	-	-	(425,097)	-
Susie Henderson	425,097	-	-	(425,097)	-
Mark Lochtenberg	525,097	-	-	(525,097)	-
	6,767,898	-	-	(6,767,898)	-

Loans from Directors
The Company entered into an unsecured loan agreement with Rigi Investments Pty Ltd, a company associated with Mr Mark Lochtenberg, Chairman and Non-executive Director, for a total of $300,000 with a fixed interest rate of 10% per annum to fund short-term working capital requirements. Subject to Shareholder approval, the Company has the right to convert the loan to Shares. The Company settled this loan through issue of Shares on 17 April 2023.

This concludes the remuneration report, which has been audited.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 19 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of William Buck
There are no officers of the Company who are former partners of William Buck.

William Buck
ACCOUNTANTS & ADVISORS

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

I declare that, to the best of my knowledge and belief during the year ended 31 December 2022 there have been:

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

William Buck

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

N. S. Benbow
Director
Melbourne, 1st May 2023

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Montem Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
Other income			
Other income		8,980	159,191
Expenses			
Employee benefits expense	5	(816,906)	(991,390)
Professional fees		(485,508)	(476,447)
Marketing and business development		(112,821)	(420,612)
Corporate expenses	5	(612,714)	(2,122,475)
TM-REX project expenses	5	(2,515,188)	-
Share based payments	24	1,366,984	263,937
Impairment of exploration and evaluation assets	5	(11,887,242)	(10,416,991)
Depreciation charges	5	(40,402)	(42,719)
Financing costs	5	(2,837)	(8,133)
Loss before income tax expense		(15,097,654)	(14,055,639)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Montem Resources Limited		(15,097,654)	(14,055,639)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss net of tax			
Foreign currency translation		60,579	1,503,808
Other comprehensive income for the year, net of tax		60,579	1,503,808
Total comprehensive loss for the year attributable to the owners of Montem Resources Limited		(15,037,075)	(12,551,831)
		Cents	**Cents**
Basic earnings per share	23	(6.28)	(6.10)
Diluted earnings per share	23	(6.28)	(6.10)

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 31 December 2022

	Note	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
Assets			
Current assets			
Cash and cash equivalents	6	363,696	3,803,727
Trade and other receivables		90,870	65,559
Deposits and advances	7	8,576	8,567
Total current assets		463,142	3,877,853
Non-current assets			
Plant and equipment		193,191	720,371
Right-of-use assets		60,416	134,774
Exploration and evaluation	8	2,844,746	13,680,104
Non-current deposits		201,950	191,246
Total non-current assets		3,300,303	14,726,495
Total assets		3,763,445	18,604,348
Liabilities			
Current liabilities			
Trade and other payables	9	473,063	412,783
Borrowings	10	344,401	43,455
Lease liability		30,636	70,772
Employee benefits		161,143	152,964
Total current liabilities		1,009,243	679,974
Non-current liabilities			
Lease liabilities		21,492	72,001
Total non-current liabilities		21,492	72,001
Total liabilities		1,030,735	751,975
Net assets		2,732,710	17,852,373
Equity			
Issued capital	11	46,338,797	45,054,400
Reserves		2,294,337	3,779,729
Accumulated losses		(45,900,424)	(30,981,756)
Total equity		2,732,710	17,852,373

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 year ended 31 December 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 year	-	-	-	(14,055,639)	(14,055,639)
Other comprehensive income for the year, net of tax	-	1,503,808	-	-	1,503,808
Total comprehensive income / (loss) for the year	-	1,503,808	-	(14,055,639)	(12,551,831)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 11)	7,740,699	-	-	-	7,740,699
Vesting charge for share-based payments (note 24)	-	-	47,704	-	47,704
Share options and rights lapsed (note 24)	-	-	(520,559)	-	(520,559)
Balance at 31 December 2021	45,054,400	681,835	3,097,895	(30,981,757)	17,852,373

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 year	-	-	-	(15,097,654)	(15,097,654)
Other comprehensive income for the year, net of tax	-	60,579	-	-	60,579
Total comprehensive income / (loss) for the year	-	60,579	-	(15,097,654)	(15,037,075)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 11)	1,284,397	-	-	-	1,284,397
Vesting charge for share-based payments (note 24)	-	-	24,575	-	24,575
Share options lapsed	-	-	(178,987)	178,987	-
Performance rights lapsed (note 24)	-	-	(1,391,560)	-	(1,391,560)
Balance at 31 December 2022	46,338,797	742,414	1,551,923	(45,900,424)	2,732,710

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 year ended 31 December 2022

	Note	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,888,778)	(2,969,325)
Payments for TM-REX project		(2,386,830)	(305,904)
		(4,275,608)	(3,275,229)
Interest received		10,732	-
Interest and other finance costs paid		(1,935)	(8,133)
Net cash used in operating activities	22	(4,266,811)	(3,283,362)
Cash flows from investing activities			
Payments for property, plant and equipment		(43,988)	(16,033)
Payments for exploration and evaluation		(1,006,698)	(3,357,428)
Payments for security deposits		-	(302,967)
Receipt from /(Payment) for promissory note facility agreement	7	145,961	(409,724)
Proceeds from disposal of property, plant and equipment		456,444	132,225
Net cash used in investing activities		(448,281)	(3,953,927)
Cash flows from financing activities			
Proceeds from issue of shares	11	1,082,520	8,203,000
Share issue transaction costs		(48,928)	(457,821)
Proceeds from borrowings		300,000	-
Repayment of lease liabilities		(58,829)	(137,198)
Net cash from financing activities		1,274,763	7,607,981
Net increase/(decrease) in cash and cash equivalents		(3,440,329)	370,692
Cash and cash equivalents at the beginning of the financial year		3,803,727	3,434,480
Effects of exchange rate changes on cash and cash equivalents		298	(1,445)
Cash and cash equivalents at the end of the financial year	6	363,696	3,803,727

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

1. General information

The financial statements cover Montem Resources Limited as a Consolidated Entity consisting of Montem Resources Limited and the entities it controlled at the end of, or during, the 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 1 May 2022. The Directors have the power to amend and reissue the financial statements.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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 $15,097,654 during the year ended 31 December 2022 and had net operating cash outflows of $4,266,811 and invested $1,006,698 in exploration activities. As at 31 December 2022, the cash balance was $363,696 and net working capital deficit was $546,101.

Notwithstanding the above operating results, the financial statements have been prepared on the basis that the Consolidated Entity is a going concern, which contemplates normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

The sale to TransAlta
On 14 February 2023, the Consolidated Entity signed a binding agreement with TransAlta TMPH LP to sell 50% of TM-REX project. The sale includes rights to the land, fixed assets and intellectual property associated with a PHES development project, plus the intellectual property associated with offsite green hydrogen electrolyser and offsite wind farm. Subject to the terms of the definitive agreements between the parties, TransAlta will pay C$24.7 million (A$26.7 million) for 50% of the TM-REX.

Montem Shareholders have approved completion of the sale of 50% of the TM-REX Project to TransAlta Corporation at an Extraordinary General Meeting held on 12 April 2023. On 24 April 2023, the transaction was completed, and the Consolidated Entity received C$5.2 million from TransAlta TMPH LP (sale proceeds of C$7.7 million net of C$ 2.5 million payments to PMRU). Reminder of sale proceeds of C$17.0 million is expected to be received in the future based on achievement of development and commercial milestones. Proceeds from the sale are expected to provide the short-term capital required to advance the development of the TM-PHES with TransAlta.

2. Significant accounting policies (continued)

Settlement of the related party loan in shares
In addition, on 17 April 2023, the Company issued 12,806,849 Shares for the settlement of a loan amounting to $512,274 owed to Rigi Investments Pty Ltd, a company associated with Mr Mark Lochtenberg, Chairman and Non-executive Director.

The claim against the Government of Alberta
on 8 February 2023, Montem commenced a claim against the Government of Alberta to recover damages arising from the constructive taking of Montem's freehold mineral rights and coal leases at the Chinook Project and the Greenfield projects (the 4-Stack, Isola, and Oldman projects). Montem also brings claims for damages in private nuisance and unjust enrichment. While Montem is commencing work to quantify the claim, the anticipated value could potentially be up to $1.76 billion. Through the litigation, Montem intends to recover the losses suffered by Montem Shareholders and the Company.

Other funding alternatives
The Consolidated Entity is still in the early exploration and development phase of activities with additional funds required to advance the exploration and development work on the Consolidated Entity's assets. In considering the ability of the Consolidated Entity to continue as a going concern the Directors considered the following matters:

- 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.

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 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.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 19.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Montem Resources Limited ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Montem Resources Limited's presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Interest
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

2. Significant accounting policies (continued)

Deferred tax assets and liabilities are always classified as non-current.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Issued 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.

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.

Share-based payment transactions
The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Any service or non-market performance condition is not reflected in the grant-date fair value of the share-based payment. Among others, non-market performance conditions includes factors such as project milestones, production and quality targets. An estimate is made of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied. Subsequent to initial recognition and measurement, the estimate of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied is revised during the vesting period.

At 31 December 2022, under the Employee Incentive Plan (the “Plan”) rules, the Board concluded that the vesting conditions attached to the performance rights are not capable of being satisfied, reached or met in accordance with terms. Therefore, all performance rights lapsed under the Plan rules. The Consolidated Entity reversed previously recognised share-based payment expenses of $1,391,560 (2021: $311,642) through income statement.

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

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and carry forward losses, only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences.

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.

The Consolidated Entity currently does not have some key approvals necessary to undertake and establish mining at its other projects but in the process of obtaining such approvals. 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. Refer to note 8 for further information on the impairment of assets.

4. Operating segments

Identification of reportable operating segments
AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the Consolidated Entity that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity is a steelmaking coal and renewable energy development company that owns and leases coal tenements and freehold land in the Canadian provinces of Alberta and British Columbia. During the year ending 31 December 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).

Therefore, currently the Consolidated Entity's activities are classified as one operating segment.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

5. Expenses

	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	6,770	7,532
Office lease right-of-use assets	33,632	35,187
Total depreciation	40,402	42,719
Impairment		
Exploration and evaluation (Note 8)	11,886,735	10,416,991
Finance costs		
Interest and finance charges paid on lease liabilities	2,837	8,133
Net loss on disposal		
Net loss on disposal of property, plant and equipment	34,107	-
Superannuation expense		
Defined contribution superannuation expense	15,909	13,511
Share-based payments expense		
Share-based payments expense net of amounts reversed during period (Note 24)	24,576	(263,937)
Write-off of assets and allowances for credit losses		
Allowance for promissory note facility agreement (Note 7)	(145,961)	409,724
Write-off of deposits on rail loadout property purchase option agreement (Note 17)	-	534,028
TM-REX project expenses	2,515,188	-

6. Current assets - cash and cash equivalents

	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
Cash at bank	363,696	3,803,727

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Current assets - deposits and advances

	Consolidated	
	31 December 2022 $	31 December 2021 $
Deposits and advances	8,576	8,567
Promissory note facility agreement	217,486	409,724
Allowance for promissory note facility agreement	(217,486)	(409,724)
	8,576	8,567

The Consolidated Entity entered into a promissory note facility agreement with a non-related third-party for USD 300,000 during year 2021, which was disputed, and the Consolidated Entity commenced legal proceedings to recover the amount. During the year the non-related third-party repaid AUD 145,961 and the reminder of the loan is now expected to be received in 2023. Conservatively, a full allowance for the expected credit loss was recognised at 31 December 2022.

Accounting policy for deposits and advances
Deposits and advances are recognised at amortised cost, less any allowance for expected credit losses.

8. Non-current assets - exploration and evaluation

	Consolidated	
	31 December 2022 $	31 December 2021 $
Exploration and evaluation Chinook - at cost	2,844,746	2,793,074
Exploration and evaluation Tent Mountain - at cost	-	10,887,030
	2,844,746	13,680,104

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 and previous financial year are set out below:

Consolidated	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 24)	-	(208,918)	(208,918)
Balance at 31 December 2021	2,793,074	10,887,030	13,680,104
Expenditure during the year	48,938	978,855	1,027,793
Exchange differences	2,734	20,850	23,584
Impairment of assets	-	(11,886,735)	(11,886,735)
Balance at 31 December 2022	2,844,746	-	2,844,746

8. Non-current assets - exploration and evaluation (continued)

Due to the prevailing uncertainties associated with the Government of Alberta's 1976 Coal Development Policy and the moratorium on exploration and development activities, Montem is awaiting 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. Therefore, management concluded that it is appropriate to wait and continue to assess the situation around the permitting approvals on Chinook Project.

As a result, Montem continued 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 renewable energy complex

Montem continued to evaluate the potential of both Tent Mountain development pathways, noting the two projects are mutually exclusive.

Subsequent to the year end, on 14 February 2023, Montem signed a binding agreement with TransAlta to sell 50% of its TM-REX in Alberta, Canada. The sale includes rights to the land, fixed assets and intellectual property associated with the TM-PHES, plus the intellectual property associated with offsite green hydrogen electrolyser and offsite wind farm. In light of subsequent to year end sale.

Following approval by shareholders at a General Meeting held on 12 April 2023 to approve the TransAlta transaction, Montem will pursue the TM-PHES and as a result the recommencement of open pit mining at Tent Mountain will not be possible. The development of the TM-PHES will result in the permanent sterilization of the Coal Reserves and Coal Resources at Tent Mountain, and the coal mine will be decommissioned. Thus, the Tent Mountain project is fully impaired on the basis the projects cannot mutually exist.

The Company will however still hold the Chinook Project and Greenfield Projects.

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditures in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

9. Current liabilities - trade and other payables

	Consolidated	
	31 December 2022 $	31 December 2021 $
Trade payables	368,621	355,421
Accrued expenses	62,903	16,450
Other payables	41,539	40,912
	473,063	412,783

Refer to note 12 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

10. Current liabilities - borrowings

	Consolidated	
	31 December 2022 $	31 December 2021 $
Loan from related party	300,904	-
Other borrowings	43,497	43,455
	344,401	43,455

Refer to note 12 for further information on financial instruments.

Loan from related party comprise of short-term loan received by the Company on 15 December 2022 from Rigi Investments Pty Ltd, a company associated with Mr Mark Lochtenberg, Chairman and Non-executive Director. The Company entered into an unsecured loan agreement with Rigi Investments Pty Ltd for a total of $300,000 with a fixed interest rate of 10% per annum to fund short-term working capital requirements. Subject to Shareholder approval, the Company has the right to convert the loan to Shares.

Other borrowing represents an unsecured Canadian government sponsored loan under Canada Emergency Business Account. No interest is payable until 31 December 2022. Any unpaid balance outstanding after 31 December 2022 will convert to a non-revolving loan and bear interest at 5%.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

11. Equity - issued capital

	Consolidated			
	31 December 2022 Shares	31 December 2021 Shares	31 December 2022 $	31 December 2021 $
Ordinary shares - fully paid	322,329,739	289,805,457	46,338,797	45,054,400

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2021	202,626,811		37,313,701
Share issue	26 February 2021	30,394,021	$0.1700	5,166,984
Share issue	29 March 2021	1,176,475	$0.1700	200,000
Share issue	24 December 2021	55,608,150	$0.0510	2,836,016
Share issue costs		-	$0.0000	(462,301)
Balance	31 December 2021	289,805,457		45,054,400
Shares issue to Director from share placement	4 April 2022	2,941,176	$0.0510	150,000
Placement of shares	28 August 2022	18,175,000	$0.0400	727,000
Shares issued under Entitlement offer	21 October 2022	3,637,992	$0.0400	145,520
Shares issued to Director under share placement	4 November 2022	1,500,000	$0.0400	60,000
Shares issues to Directors in lieu of Directors fee	4 November 2022	1,679,243	$0.0400	67,170
Share issued on conversion of debt under the placement	4 November 2022	4,590,871	$0.0000	183,635
Share issue costs		-	$0.0000	(48,928)
Balance	31 December 2022	322,329,739		46,338,797

11. Equity - issued capital (continued)

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.

Capital risk management
The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to reduce the liquidity risk until the Consolidated Entity generates revenue and profits.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Consolidated Entity may issue new shares or sell assets to manage the liquidity and cash flow requirements.

Share buy-back
There is no current on-market share buy-back.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

12. Financial instruments

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The Consolidated Entity's overall financial risk management program focuses on the unpredictability of operating risks and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of financial risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Financial risk management is carried out by senior executives under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the financial risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Senior executives identify, evaluate and manage financial risks within the Consolidated Entity. Senior executives reports to the Board on a monthly basis.

The Consolidated Entity's material financial instruments include cash and cash equivalents, trade and other payables, borrowings and lease liabilities.

Market risk

Foreign currency risk
The Consolidated Entity undertakes transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and managed through cash flow forecasting.

12. Financial instruments (continued)

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rate		Reporting date exchange rate	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Australian dollars				
Canadian dollars	0.90	0.92	0.92	0.92

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Consolidated	$	$	$	$
Canadian dollars - Cash at bank	86,472	304,534	-	-
Canadian dollars - trade & other payables	-	-	442,624	416,321
Canadian dollars - borrowings	-	-	43,497	43,455
	86,472	304,534	486,121	459,776

As at 31 December 2022 no reasonable movement in the value of the Canadian dollar would have materially impacted the value of financial instruments in the consolidated financial statements (2021: Nil).

Interest rate risk
The Consolidated Entity has limited interest rate risk as there are no significant interest-bearing assets or liabilities which are at variable interest rates at the reporting date (2021: Nil). The Consolidate Entity's had fixed interest rate borrowings of $344,401 at the reporting date (2021: $43,455)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral. For details of the Consolidated Entity's material credit risk exposure, refer to note 7.

Liquidity risk
Liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay liabilities, future operating commitments and as and when they become due and payable.

The Consolidated Entity is involved in exploration for minerals and development of renewable energy assets in Canada and yet to generate revenues. The Consolidated Entity may require substantial additional financing in the future to sufficiently fund exploration and development commitments and its other longer-term objectives. The Consolidated Entity may issue new shares or sell assets to manage the liquidity and cash flow requirements.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves, issue shares to raise capital and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

12. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 December 2022	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	368,616	-	-	-	368,616
Accrued expenses	-	104,440	-	-	-	104,440
Interest-bearing - fixed						
Borrowings	5.00%	43,497	-	-	-	43,497
Related party loan	10.00%	300,904	-	-	-	300,904
Lease liabilities	5.32%	28,173	19,764	-	-	47,937
Total non-derivatives		845,630	19,764	-	-	865,394

Consolidated - 31 December 2021	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	355,420	-	-	-	355,420
Accrued expenses	-	16,450	-	-	-	16,450
Other payables	-	40,912	-	-	-	40,912
Interest-bearing - fixed						
Borrowings	5.00%	43,455	-	-	-	43,455
Lease liabilities	5.32%	119,184	101,990	-	-	221,174
Total non-derivatives		575,421	101,990	-	-	677,411

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
As at 31 December 2022 the fair values of all financial instruments approximated their carrying values.

13. Key management personnel disclosures

Directors
The following persons were Directors of Montem Resources Limited during the financial year:

Mark Lochtenberg	Chairman and Non-executive Director
Peter Doyle	Managing Director and CEO
Rob Tindall	Non-executive Director
Susie Henderson	Non-executive Director
William Souter	Non-executive Director

13. Key management personnel disclosures (continued)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Robert Bell	Chief Commercial Officer
Melanie Leydin	Company Secretary and Chief Financial Officer

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	31 December 2022 $	31 December 2021 $
Short-term employee benefits	1,256,621	1,182,525
Post-employment benefits	40,031	87,401
Share-based payments & arrangements forfeited during period	(1,226,681)	(211,972)
	69,971	1,057,954

The Company paid $182,006 for accounting and corporate secretarial services (which is included within the short-term benefits to KMP above) from an entity controlled by Ms Melanie Leydin, during her term as Chief Financial Officer. All transactions were made on normal commercial terms and conditions and at market rates.

14. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	31 December 2022 $	31 December 2021 $
Audit services - William Buck		
Audit or review of the financial statements	43,627	32,450
Other services - William Buck		
Preparation of the tax return	7,500	7,500
	51,127	39,950

15. Contingent liabilities / assets

The Consolidated Entity provided a reclamation deposit of C$138,042 for the Tent Mountain Project. The Consolidated Entity will forgo this deposit if conditions of return are not met. Refer note 16 for the obligations associated with the material contracts to which the Consolidated Entity is party.

With the exception to the above matter and other matters discussed in the going concern basis of accounting disclosure, the Consolidated Entity does not have any other contingent liabilities at reporting date.

16. Material contracts

Rail Loadout Property Purchase
The Company has entered into an agreement ("Original Agreement") to purchase property near the rail line to be utilized as the rail loadout facility (the "Rail Land"). Subject to acceptance of an offer to purchase land adjacent to the Rail Land ("Adjacent Land"), the Consolidated Entity has agreed to purchase the Rail Land and the Adjacent Land for a total of CAD 2,719,000.

On 4 January 2021, the Consolidated Entity and the landlord agreed to extend this option over the planned rail loadout land for a further 12 months. The Land Vendors are not Related Parties. This option agreement expired on 4 January 2022 and the Consolidated Entity chose not to proceed with the land purchase. There are no current commitments associated with this agreement existed at the reporting date.

Chinook Properties Purchase
On 21 September 2016, Montem, through its subsidiaries acquired its Projects being the Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (collectively called the Chinook Properties). The purchase was made through an Assignment Deed with a director related party, GTG a company controlled by Mr Rob Tindall (Non-executive Director), who had previously purchased the Chinook Properties from Prairie Mines & Royalties ULC (PMRU), a subsidiary of Westmoreland Coal Company (the PMRU Purchase Agreement). Under the Assignment Deed, the title of the Chinook Properties was transferred from GTG to Montem. Under the PMRU Purchase Agreement, the Chinook Properties were acquired for CAD 12,000,000, of which CAD 1,000,000 was paid in September 2016. Payment of the balance owing is as described below:

Tranche 1: Licensing Payments
Total of CAD 5,000,000 is payable as follows:

- CAD 5,000,000 – within thirty days of receipt by Montem of a mining licence for any of the Chinook Properties not including Tent Mountain or
- CAD1,500,000 – within ninety days of receipt of the Tent Mountain renewed or amended coal mining licence;
- CAD 1,500,000 – within ninety days of receipt of an amended Alberta Environmental Protection and Enhancement Act (EPEA) for Tent Mountain;
- CAD 2,000,000 on or before the earlier of thirty days of receipt of any coal mining licence related to the Chinook Properties other than Tent Mountain and 31 January 2027.

Provided that:

- If none of these payments have been triggered by 31 December 2021 and the purchaser has not submitted relevant mining licence applications then the amounts will be payable on the earlier of the above triggers or in five equal payments of CAD 1,000,000 payable annually before 31 January between 2022 and 2026; or
- If none of these payments have been triggered by 31 December 2021 and the purchaser has submitted relevant mining licence applications then the amounts will be payable on the earlier of the above milestones or in five equal payments of CAD 1,000,000 payable annually before 31 January between 2024 and 2028. If the Company has submitted the relevant mining licence applications but they are rejected by the authorities, the licence-related payments will be payable in accordance with this provision.

Tranche 2: Production Payments
Total of CAD 6,000,000 is payable as follows:

- CAD 6,000,000 within thirty days of the first 1,000,000 tonnes of coal from any of Chinook Properties not including Tent Mountain.

Unless production of the first 1,000,000 tonnes of coal comes from Tent Mountain, then

- CAD 500,000 within thirty days of production of the first 500,000 tonnes of Tent Mountain coal;
- CAD 500,000 within thirty days of the production of the second 500,000 tonnes of Tent Mountain coal;
- CAD 500,000 within thirty days of the first anniversary of such 1,000,000 tonnes production;
- CAD 500,000 within thirty days of the second anniversary of such 1,000,000 tonnes production; and
- CAD 4,000,000 within thirty days of production of 1,000,000 tonnes of production from the Chinook Properties other than Tent Mountain.

16. Material contracts (continued)

On 3 February 2023, the Consolidated Entity and PMRU entered an agreement for the requisite release of lien over the Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects. Subject to conditions precedent, this agreement replaces the Purchase Agreement entered between the Consolidated Entity and PMRU in 2017. Key terms of the agreement are as described below:

1. Upon completion of the TransAlta transaction, Montem will pay PMRU C$2.5 million (Trench 1); and

2. once the TM-PHES becomes operational, Montem will pay PMRU over the first three years of operation, Montem will pay additional C$2.5 million (Trench 2) as follows:

(i) C$0.75M on the earlier of that date which is one (1) month from the date that the TM-PHES commences Commercial Operations (the "COD Date") and 1 January 2028;
(ii) C$0.75M on the earlier of that date which is one (1) year from the COD Date and 1 January 2029; and
(iii) C$1.0M on the earlier of that date which is two (2) years from the COD Date and 1 January 2030.

In the event Montem or any Montem Affiliate sells, assigns, or transfers all or a part of its interest in the TM-PHES, C$2.5 million; less any amounts already paid under Subsections 2.1(i) through 2.1(iii) inclusive, on that date which is one (1) month from the date of closing of such sale, assignment, or transfer.

Once the initial C$2.5 million is paid, the payment conditions set out in the Purchase Agreement between GTG (director related party) and PMRU will lapse (but excluding the remaining payment obligations, as set out above directly between Montem and PMRU). Thereafter PMRU will release and discharge all security over any of the Montem group of companies' assets. The initial C$2.5 million payment to PMRU will be satisfied at closing of the TansAlta Transaction with proceeds received by Montem from TransAlta.

17. Commitments

The Consolidated Entity had no capital commitments for property, plant and equipment at 31 December 2022 and 31 December 2021.

18. Related party transactions

Parent entity
Montem Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 20.

Key management personnel
Disclosures relating to key management personnel are set out in Note 13 and the remuneration report included in the Directors' report.

Transactions with related parties
The Consolidated Entity paid $164,892 (2021: $72,897) for consulting services to GHD Limited (GHD Advisory), an entity associated with Ms Susie Henderson, Non-executive Director. Ms Susie Henderson is employed by GHD Advisory in capacity of President GHD Advisory – Americas region. All transactions were made on normal commercial terms and conditions and at market rates.

There were no transactions with related parties during the current and previous financial year.

18. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December 2022 $	31 December 2021 $
Current payables:		
Trade payables to Key Management Personnel in relation to short-term employee benefits	36,558	102,754

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 December 2022 $	31 December 2021 $
Current borrowings:		
Loan from other related party*	300,904	-

* On 15 December 2022 the Company received a short-term loan from Rigi Investments Pty Ltd, a company associated with Mr Mark Lochtenberg, Chairman and Non-executive Director, at an interest rate of 10% per annum. The loan is due for repayment on or before 15 December 2023.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

19. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2022 $	31 December 2021 $
Loss after income tax	(17,904,756)	(23,676,985)
Total comprehensive loss	(17,904,756)	(23,676,985)

19. Parent entity information (continued)

Statement of financial position

	Parent	
	31 December 2022 $	31 December 2021 $
Total current assets	277,223	3,499,222
Total assets	271,775	17,944,223
Total current liabilities	436,982	116,638
Total liabilities	436,982	116,638
Equity		
Issued capital	46,361,956	45,077,559
Foreign currency translation reserve	(5,448)	-
Share-based payments reserve	1,551,923	3,097,895
Accumulated losses	(48,073,638)	(30,347,869)
Total equity/(deficiency)	(165,207)	17,827,585

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2022 and 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2022 and 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2022 and 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

20. Interests in subsidiaries

The Montem Resources Group includes the following entities:

		Ownership interest	
Name	Principal place of business / Country of incorporation	31 December 2022 %	31 December 2021 %
Montem Resources Corp.	Vancouver, British Columbia, Canada	100.00%	100.00%
Montem Resources Alberta Operations Ltd	Edmonton, Alberta, Canada	100.00%	100.00%

21. Events after the reporting period

On 3 February 3, 2023, the Consolidated Entity incorporated Montem Tent Mountain Project Holdings Ltd. being an Alberta company. Montem Resources Corp (MRC) is the sole shareholder and subscribed for shares for nominal consideration.

On 4 February 2023, the Consolidated Entity incorporated Tent Mountain Pumped Hydro GP Ltd., being an Alberta company. Montem Resources Corp (MRC) is the sole shareholder and subscribed for shares for nominal consideration.

On 12 January 2023, the Company has issued 500,000 fully paid ordinary shares to professional and sophisticated investors at an issue price of $0.04 (4.0 cents) per share.

TM-REX Binding Sales Process
On 14 February 2023, Montem signed a binding agreement with TransAlta TMPH LP, a wholly owned subsidiary of NYSE and TSX listed TransAlta Corporation ("TransAlta") to sell 50% of its TM-REX assets in Alberta, Canada. The sale includes rights to the land, fixed assets and intellectual property associated with the TM-PHES, offsite green hydrogen electrolyser and offsite wind farm. The TM-PHES is expected to be developed over the next 4 years and subject to regulatory, commercial, and engineering considerations, could be ready for construction as early as 2026, with a target commercial operation date between 2028 to 2030.

Subject to the terms of the definitive agreements between the parties, TransAlta will pay C$24.7M for 50% equity interest in the TM-REX based on achieving following development and commercial milestones:

- C$7.7M (A$8.3M) on completion of the transaction, pursuant to which TransAlta will make its investment in the TM-REX;
- C$3.5M (A$3.8M) on achievement of Alberta Utilities Commission ("AUC") approval for the TM-PHES;
- C$3.5M (A$3.8M) on execution of a Power Purchase Agreement ("PPA") for the TM-PHES; and
- C$10.0M (A$10.8M) on achievement of commercial operations for the TM-PHES.

At the date of this report, Montem is seeking shareholder approval in relation to the sale. Completion will take place within 5 Business Days of fulfilment of all condition's precedent, which is expected to be immediately after a successful shareholder approval that is currently anticipated to occur in April 2023.

PMRU agreement
On 3 February 2023, the Consolidated Entity and Prairie Mines & Royalties ULC (PMRU, a subsidiary of Westmoreland Coal Company) entered an agreement for the requisite release of lien on Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (collectively called the Chinook Properties). Subject to conditions precedent, this agreement replaces the Purchase Agreement discussed above concerning material contracts are summarized in note 16 to the financial statements.

ASX In-Principle Application
On 17 February 2023, the ASX has provided in-principle advice to Montem that it will not satisfy Listing Rule 1.1 condition 1, or that ASX would otherwise exercise its discretion under Listing Rule 1.19 to refuse the Company's application for re-admission to the official list, if the Company pursues the transaction and seeks to re-comply with Chapters 1 and 2 of the Listing Rules.

Having carefully considered the benefits of the transaction and other alternatives for the Company, the Board concludes it is in the best interests of shareholders to pursue the transaction notwithstanding this in-principle advice from the ASX. On 12 April 2023, Shareholders approved, as a special resolution, the removal of Montem from the official list of the ASX (Official List) pursuant to ASX Listing Rule 17.11 (Delisting).

21. Events after the reporting period (continued)

Extraordinary General Meeting (***EGM) Results***
At the Extraordinary General Meeting held on 12 April 2023 (Meeting), the Shareholders have approved completion of the sale of 50% of the TM-REX Project to TransAlta Corporation (Proposed Transaction), as announced to the Market on 22 February 2023. This approval opens a new and exciting chapter in Montem's transition to focus on energy storage and renewable energy development.

On the same Meeting, the Shareholders also approved a special resolution to remove the Montem from the official list of the ASX, pursuant to ASX Listing Rule 17.11 (Delisting), as outlined in the Notice of Extraordinary General Meeting dated 9 March 2023. Pursuant to this approval, Montem shares were delisted from the ASX official list on 26 April 2023. Following the completion of the Delisting Montem's shares are no longer quoted on the ASX.

In addition, the Shareholders approved the Company to issue 12,806,849 Shares at an issue price of $0.04 per Share in the Company for the settlement of a loan amounting to $512,274 owed to Rigi Investments Pty Ltd, a company associated with Mr Mark Lochtenberg, Chairman and Non-executive Director. The Company completed the issue of Shares on 17 April 2023.

Finally, in the Meeting William Bridge was elected as an Executive Director of Montem.

No other matter or circumstance has arisen since 31 December 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.

22. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	31 December 2022 $	31 December 2021 $
Loss after income tax expense for the year	(15,097,654)	(14,055,639)
Adjustments for:		
Share-based payments	(1,366,984)	(263,937)
Foreign exchange differences	49,611	-
Non-cash interest expense	4,623	-
Depreciation	40,402	42,719
Deposits written-off	-	943,754
Loss / (gain) on disposal	34,107	(156,481)
Impairment of exploration and evaluation assets	11,887,242	10,416,991
Change in operating assets and liabilities:		
Decrease in prepayments	-	37,160
(Increase)/Decrease in accounts receivable	(25,311)	384
Increase in deposits and advances	-	26,205
Decrease in provision on loan receivables	(145,961)	-
Increase/(decrease) in trade and other payables	344,935	(224,373)
Increase/(decrease) in employee benefits	8,179	(50,145)
Net cash used in operating activities	(4,266,811)	(3,283,362)

23. Earnings per share

	Consolidated	
	31 December 2022 $	31 December 2021 $
Loss after income tax attributable to the owners of Montem Resources Limited	(15,097,654)	(14,055,639)

23. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	240,549,895	230,320,152
Weighted average number of ordinary shares used in calculating diluted earnings per share	240,549,895	230,320,152

	Cents	Cents
Basic earnings per share	(6.28)	(6.10)
Diluted earnings per share	(6.28)	(6.10)

For financial period ended 31 December 2022 and 31 December 2021 outstanding options and performance rights are anti-dilutive and are therefore excluded from the calculation of diluted earnings per share.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Montem Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The rights to options are non-dilutive as the combined entity has generated a loss for the year.

24. Share-based payments

(a) Shares issued to Directors in-lieu of directors fee

From time to time the Company may issue of ordinary shares in the Company to directors or employees of the Company as remuneration in recognition of past performance or other services provided to the Consolidated Entity. During the year, 1,679,243 shares were issued to the Directors for the payment of their director fee of $67,170 in-lieu of cash payment.

(b) Options and performance rights

Employee incentive plan - options and performance rights

The Company has established an Employee Incentive Plan, whereby the Company may, at the discretion of the Plan Committee, grant options over ordinary shares in the Company or performance rights over ordinary shares in the Company to eligible employees and any director of the Company.

24. Share-based payments (continued)

- On 28 May 2021, the Company has issued 1,692,606 Option over ordinary shares to the directors of the Company under the terms of the Montem Employee Incentive Plan. These options, which were issued in three tranches with varying vesting dates as follows:

  - 564,203 Options with exercise price of $0.31, which were vested on issue and expire on 28 May 2026
  - 564,203 Options with exercise price of $0.37, which will vest on 28 May 2022 and expire on 28 May 2026
  - 564,203 Options with exercise price of $0.50, which will vest on 28 May 2023 and expire on 28 May 2026

- In June 2020, the Company issued 3,000,000 performance rights under the terms of the Company's Employee Incentive Plan to the Managing Director and senior executives for no consideration with fair values $0.15 each, all with an expiry date of 1 June 2023.The vesting condition is when the Company successfully mines and sells 100,000 tonnes of coal from the Tent Mountain mine or any other Company project. On 31 December 2022, these performance rights lapsed under the Plan rules due to the performance conditions incapable of being satisfied.

- In September 2019, the Company issued 3,000,000 performance rights under the terms of the Company's Employee Incentive Plan to the Managing Director and senior executives for no consideration with fair values from $0.11 to $0.13 each, all with an expiry date of 1 June 2023. The vesting condition is when the Company successfully mines and sells 100,000 tonnes of coal from the Tent Mountain mine or any other Company project. On 31 December 2022, these performance rights lapsed under the Plan rules due to the performance conditions incapable of being satisfied.

- In September 2019, the Company issued 5,000,000 options to Directors and employees as remuneration under the terms of the Company's Employee Incentive Plan. These options were issued with key milestones to align shareholder's interests with varying vesting dates. Exercise prices for these options range from $0.25 to $0.50, all with an expiry date of 23 September 2022.

- In July 2019, the Company issued 175,097 options to a Director for no consideration with fair values of $0.10 to $0.11, and each with expiry dates from 12 January 2023 to 31 December 2024. In addition, the Company also issued 175,097 performance rights with fair value of $0.25.

- During the year ended 31 December 2018, the Company issued 3,000,000 options to Directors and employees under the terms of the Montem Employee Incentive Plan. These options, which were issued in three tranches on 12 January 2018 (1,949,417 options), 31 January 2018 (700,389 options) and 6 April 2018 (350,194 options). These options were issued with various service-based vesting dates and various expiry
  dates. Exercise prices for these options range from 63 cents to $1.00. The vesting condition is when the Company successfully mines and sells 100,000 tonnes of coal from the Tent Mountain mine or any other Company project. The performance rights will expire on 1 June 2023.

- On 1 June 2018, the Company issued 3,000,000 performance rights under the terms of the Company's Employee Incentive Plan to the Managing Director and senior executives. Each performance right will vest and convert to a fully paid ordinary share in the Company, at no cost to the recipient, when the vesting condition is met. The vesting condition is when the Company successfully mines and sells 100,000 tonnes of coal from the Tent Mountain mine or any other Company project. The performance rights will expire on 1 June 2023. On 31 December 2022, these performance rights were forfeited as the performance conditions have not been, or have become incapable of being, satisfied.

24. Share-based payments (continued)

Details of options and performance rights

Set out below are details of options granted as share-based payments:

31 December 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited/ other	Balance at the end of the year
12/01/2018	12/01/2023	$0.6300	1,086,667	-	-	-	1,086,667
12/01/2018	12/01/2023	$0.6300	649,805	-	-	-	649,805
12/01/2018	31/12/2023	$0.7500	649,806	-	-	-	649,806
12/01/2018	31/12/2024	$1.0000	649,806	-	-	-	649,806
31/01/2018	12/01/2023	$0.6300	233,463	-	-	-	233,463
31/01/2018	12/01/2023	$0.7500	233,463	-	-	-	233,463
31/01/2018	12/01/2023	$1.0000	161,832	-	-	-	161,832
06/04/2018	12/01/2023	$0.6300	116,732	-	-	-	116,732
06/04/2018	31/12/2023	$0.7500	116,732	-	-	-	116,732
06/04/2018	31/12/2024	$1.0000	116,730	-	-	-	116,730
08/07/2019	12/01/2023	$0.6300	58,366	-	-	-	58,366
08/07/2019	31/12/2023	$0.7500	58,366	-	-	-	58,366
08/07/2019	31/12/2024	$1.0000	58,365	-	-	-	58,365
24/09/2019	23/09/2022	$0.2500	1,000,000	-	-	(1,000,000)	-
24/09/2019	23/09/2022	$0.2500	375,000	-	-	(375,000)	-
28/05/2021	28/05/2026	$0.3100	564,203	-	-	-	564,203
28/05/2021	28/05/2026	$0.3700	564,203	-	-	-	564,203
28/05/2021	28/05/2026	$0.5000	564,200	-	-	-	564,200
			7,257,739	-	-	(1,375,000)	5,882,739
Weighted average exercise price			$0.5706	$0.0000	$0.0000	$0.2500	$0.6456

31 December 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited/ other	Balance at the end of the year
12/01/2018	12/01/2023	$0.6300	1,086,667	-	-	-	1,086,667
12/01/2018	12/01/2023	$0.6300	649,805	-	-	-	649,805
12/01/2018	31/12/2023	$0.7500	649,806	-	-	-	649,806
12/01/2018	31/12/2024	$1.0000	649,806	-	-	-	649,806
31/01/2018	12/01/2023	$0.6300	233,463	-	-	-	233,463
31/01/2018	12/01/2023	$0.7500	233,463	-	-	-	233,463
31/01/2018	12/01/2023	$1.0000	161,832	-	-	-	161,832
06/04/2018	12/01/2023	$0.6300	116,732	-	-	-	116,732
06/04/2018	31/12/2023	$0.7500	116,732	-	-	-	116,732
06/04/2018	31/12/2024	$1.0000	116,730	-	-	-	116,730
08/07/2019	12/01/2023	$0.6300	58,366	-	-	-	58,366
08/07/2019	31/12/2023	$0.7500	58,366	-	-	-	58,366
08/07/2019	31/12/2024	$1.0000	58,365	-	-	-	58,365
24/09/2019	23/09/2022	$0.2500	1,000,000	-	-	-	1,000,000
24/09/2019	23/09/2022	$0.2500	375,000	-	-	-	375,000
24/09/2019	23/09/2022	$0.5000	750,000	-	-	(750,000)	-
28/05/2021	28/05/2026	$0.3100	-	564,203	-	-	564,203
28/05/2021	28/05/2026	$0.3700	-	564,203	-	-	564,203
28/05/2021	28/05/2026	$0.5000	-	564,200	-	-	564,200
			6,315,133	1,692,606	-	(750,000)	7,257,739

24. Share-based payments (continued)

Weighted average exercise price		$0.6997	$0.3933	$0.0000	$0.5000	$0.5706

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	31 December 2022 Number	31 December 2021 Number
12/01/2018	12/01/2023	1,736,472	1,736,472
12/01/2018	31/12/2023	649,806	649,806
12/01/2018	31/12/2024	649,806	649,806
31/01/2018	12/01/2023	233,463	233,463
31/01/2018	12/01/2023	233,463	233,463
06/04/2018	12/01/2023	161,832	161,832
06/04/2018	12/01/2023	116,732	116,732
06/04/2018	31/12/2023	116,732	116,732
06/04/2018	31/12/2024	116,730	116,730
08/07/2019	12/01/2023	58,366	58,366
08/07/2019	31/12/2023	58,366	58,366
08/07/2019	31/12/2023	58,365	58,365
24/09/2019	23/09/2022	-	1,375,000
28/05/2021	28/05/2026	1,692,606	564,203
		5,882,739	6,129,336

The weighted average remaining contractual life of options outstanding at 31 December 2022 was 1.89 years (31 December 2021: 1.75 years)

Set out below are summaries of performance rights granted as share-based payments:

31 December 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
01/06/2018	01/06/2023	$0.0000	2,287,803	-	-	(2,287,803)	-
08/07/2019	01/06/2023	$0.0000	175,097	-	-	(175,097)	-
24/09/2019	30/06/2023	$0.0000	2,475,000	-	-	(2,475,000)	-
30/06/2020	01/06/2023	$0.0000	1,225,000	-	-	(1,225,000)	-
30/06/2020	30/06/2023	$0.0000	1,225,000	-	-	(1,225,000)	-
			7,387,900	-	-	(7,387,900)	-

31 December 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited/ other	Balance at the end of the year
01/06/2018	01/06/2023	$0.0000	2,544,613	-	-	(256,810)	2,287,803
08/07/2019	01/06/2023	$0.0000	175,097	-	-	-	175,097
24/09/2019	30/06/2023	$0.0000	3,000,000	-	-	(525,000)	2,475,000
30/06/2020	01/06/2023	$0.0000	1,500,000	-	-	(275,000)	1,225,000
30/06/2020	30/06/2023	$0.0000	1,500,000	-	-	(275,000)	1,225,000
			8,719,710	-	-	(1,331,810)	7,387,900

24. Share-based payments (continued)

As at 31 December 2022, the Company had 5,537,900 performance rights over ordinary shares. As all tranches of performance rights outstanding as at the reporting date (2021: all) were still subject to non-market performance conditions that were unfulfilled, none of these performance rights were vested or exercisable. The non-market performance conditions related to the achievement of production targets relating to the extraction of coal and also to the achievement of obtaining a mining license relating to the Tent Mountain project.

At 31 December 2022, under the Employee Incentive Plan (the "Plan") rules, the Board concluded that the vesting conditions attached to the performance rights are not capable of being satisfied, reached or met in accordance with terms. Therefore, all performance rights lapsed under the Plan rules. The Consolidated Entity reversed previously recognised share-based payment expenses of $1,391,560 (2021: $311,642) through income statement.

(c) Share-based payments expenses

	Consolidated	
	31 December 2022	**31 December 2021**
Total expense recognised for the period arising from share-based payment transactions		
Share-based payment arrangements expense recognised during vesting period	24,576	47,705
Share-based payment arrangements reversed during period recognised in the income statement	(1,391,560)	(311,642)
Share-based payment arrangements reversed during period recognised under exploration assets	-	(208,917)
Total share-based payments reversed / expensed during the period	(1,366,984)	(472,854)

(d) Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying shares, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

24. Share-based payments (continued)

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Montem Resources Limited
Directors' declaration
31 December 2022

The Directors have determined that the Company is a reporting entity, and determined that this financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements. The Directors of the Company declare that:

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Mark Lochtenberg
Chairman

1 May 2023

William Buck
ACCOUNTANTS & ADVISORS

Montem Resources Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Montem Resources Limited (the Company) and its controlled entities (collectively, the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group had a net loss of $15,097,654, a net working capital deficiency of $546,101 and net cash outflow from operations of $4,266,811 for the year ended 31 December 2022. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge it liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern*, we have determined the matters described below to be the key audit matters to be communicated in our report:

IMPLICATIONS THE TM-REX TRANSACTION	
Area of focus **Refer also to notes 2, 8, 16 and 21**	**How our audit addressed it**
The Group has signed a binding sale agreement (the Contract) with TransAlta to sell 50% of its TM-REX project in Alberta, Canada, and on 24 April 2023 completed the sale upon the receipt of the initial tranche of consideration as disclosed in note 2 to the financial statements of (net and rounded) $5m. The transaction will mean that all economic activity previously connected with its Tent Mountain project which focused on the exploration and evaluation of coal resources will now pivot to the development and commercialization of a renewable energy complex. The directors have considered the implications of the transaction for its impact in these financial statements, including: — The impairment of accumulated expenditure totalling $11,886,735 previously capitalized to the Tent Mountain project which was previously for the purposes of exploring and evaluating coal resources; and — Disclosures of the Contract's particulars, including its incomplete status as at the date of signing these financial statements, particularly for their impact upon the going concern basis of accounting as applied in these financial statements.	Our audit procedures included the following: — Reading and understanding the underlying the Contract and its impact on the financial statements, including matters which directly impacted the impairment of capitalized exploration and evaluation assets and matters which impacted disclosures in the financial statements, particularly as the transaction as at 31 December 2022 was incomplete; — Recalculating the impairment charge by cross-referencing to audited capitalized exploration carried in the records of the Group in relation to the Tent Mount area of interest as at the date the impairment charge was made, being 31 December 2022; and — Evaluating the bona fides of the Contract, its counterparty and the nature of the transaction for its impact on the going concern basis of accounting. We also assessed the adequacy of the Group's disclosures in the financial report in relation to the transaction.

EQUITY BASED PAYMENT TRANSACTIONS	
Area of focus **Refer also to note 24**	**How our audit addressed it**
During the year a significant quantum of the Group's equity-based instruments, being options and performance rights, which had issued and, in-part, vested from prior financial years either lapsed or were forfeited for the following reasons: — A non-market performance condition remained unfulfilled and the end of the vesting period; — The equity instrument expired; or — The beneficial party to the equity instrument either did not fulfil the service condition of the equity instrument or, alternatively requested to waive any economic privileges and cancel their interest in the equity instrument. Any non-achievement of non-market performance conditions, or attrition relating to the equity instruments was derecognised from the share-based payments reserve in equity with an offsetting credit to the profit or loss. The total of this credit, as set out in the statement of changes in equity and in profit or loss, was $1,391,560. Any expiry of an equity instrument beyond its vesting period end date was derecognized from the share-based payment reserve and credited directly to accumulated losses. The total of this credit, as set out as a transfer in equity accounts in the statement of changes in equity, was $178,987. Any credit taken to the profit and loss, as outlined above in relation to the compensation of key management personnel remuneration was also reflected in disclosures concerning such remuneration in the financial statements.	Our audit procedures included: — Reconciling the Group's share-based payments tracker calculation to market announcements of issued equity instruments of options and performance rights; — Reading through and reconfirming from prior reporting periods our understanding of the terms of the share-based payment arrangement tranches, including their vesting and exercise criteria; — Recomputing amounts credited alternatively to the profit or loss or to accumulated losses as share-based payments either lapsed due to failing to meet their non-market performance condition, or alternatively expired after they had already fully vested; — Recalculating the disclosure of amounts credited to profit or loss in-relation to the compensation of key management personnel. We also reviewed disclosures in the financial report for accuracy of measurement and information about the share-based payments.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Montem Resources Limited, for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

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

N. S. Benbow
Director
Melbourne, 1st May 2023

Montem Resources Limited
Shareholder information
31 December 2022

The shareholder information set out below was applicable as at 13 April 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Holding Ranges	Total holders	Total units	% units
above 0 up to and including 1,000	20	3,644	-
above 1,000 up to and including 5,000	52	181,435	0.06%
above 5,000 up to and including 10,000	101	791,420	0.25%
above 10,000 up to and including 100,000	323	11,891,408	3.68%
above 100,000	246	309,961,832	96.01%
	742	322,829,739	

Analysis of number of equitable security holders by size of holding for holders of unlisted options:

	Total holders	Total units	% units
above 100,000	8	3,504,243	100.00%

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	**% of total shares issued**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,727,702	8.91
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	21,122,541	6.55
CITICORP NOMINEES PTY LIMITED	18,143,717	5.63
UBS NOMINEES PTY LTD	11,131,605	3.45
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	10,903,299	3.38
M&A NOMINEE SERV PTY LTD (M&A CLEANING SERV S/F A/C)	7,346,422	2.28
JLNEC3 PTY LTD (TINDALL FAMILY NO 3 A/C)	7,191,604	2.23
EVERNAL ENERGY PTE LTD	6,217,079	1.93
CS FOURTH NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 11 A/C)	5,983,655	1.86
MARK LOCHTENBERG & MICHAEL LOCHTENBERG (RIGI SUPER FUND A/C)	5,982,154	1.86
MR MICAHEL JAMES TIMOTHY EVERARD (HMT FAMILY A/C)	5,816,018	1.80
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD (REGAL EMERG COMP FUND II A/C)	5,727,238	1.78
ALIRO OLAVE	5,663,383	1.76
MRS ORIEL GORDON	5,405,393	1.68
MR GAVIN JEREMY DUNHILL	5,400,000	1.68
RIGI INVESTMENTS PTY LIMITED (THE CAPE A/C)	4,841,176	1.50
O'NEILL PROPERTIES PTY LTD (O'NEILL SUPER FUND A/C)	4,460,785	1.38
ANDERSON HOLDINGS PTY LTD (ANDERSON FAMILY FUND A/C)	4,460,785	1.38
MR ROBERT JAMES TINDALL	4,453,334	1.38
ILWELLA PTY LTD	4,250,000	1.32
	173,227,890	53.74

Unquoted equity securities
There are no unquoted equity securities.

Montem Resources Limited
Shareholder information
31 December 2022

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Regal Funds Management Pty Ltd	45,402,814	14.06
Illwella	32,439,218	10.04
CitiCorp Nominees Pty Ltd	18,143,717	5.62

Voting rights

The voting rights attached to ordinary shares are set out below:

At meeting of members or classes of members:
(a) each member entitled to vote may vote in person or by proxy, attorney or respective;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

(i) for each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative, one vote for the share;

(ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited). Amounts paid or credited as paid in advance of a call are ignored when calculating the fraction.

Subject to any rights or restrictions attached to any shares or class of shares. The unlisted options and unlisted performance rights do not carry any voting rights.

There are no other classes of equity securities.

Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Consolidated Entity states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objectives are development of Tent Mountain Mine and completion of Chinook Project feasibility studies. Consistent with the use of funds which were disclosed under the Prospectus dated 31 July 2020, the Consolidated Entity believes it has used its cash in a consistent manner for the following purposes:

- Tent Mtn: strategic land purchase (Tent Mtn rail)
- Tent Mtn: Port reservation fee
- Tent Mtn: permitting (enviro monitoring and liaison)
- Tent Mtn: pre-production drilling (pit definition & bulk sample)
- Chinook: exploration, PEA study and environmental work
- General and administrative expenses
- Offer costs (broker fees; IPO preparation)