Montem Resources

Montem Resources Limited

ABN 87 623 236 831

Annual Report - 31 December 2020

Directors	Mark Lochtenberg, Non-executive Director and Chairman (Appointed as Chairman on 13 February 2020) Peter Doyle, Managing Director and CEO Robert Tindall, Non-executive Director Susie Henderson, Non-executive Director William Souter, Non-executive Director
Company Secretary	Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205
Principal place of business	Level 4, 100 Albert Road South Melbourne VIC 3205
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Dentons Australia Pty Ltd 567 Collins Street Melbourne VIC 3000 McLennan Ross 600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB, Canada T5N 3Y4
Bankers	National Australia Bank 800 Bourke Street Docklands VIC 3008 Royal Bank of Canada 1025 West Georgia Street Vancouver BC Canada V6E 3N9
Stock exchange listing	Montem Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MR1)
Website	www.montem-resources.com

Dear Fellow Shareholders,

I am pleased to present the 2020 Annual Report for Montem Resources Limited (ASX:MR1) ("Montem" or the "Company").

This past year was outstanding for Montem, where we completed two significant project milestones, and in September successfully listed on the Australian Securities Exchange (ASX).

We are focussed on our strategy to bring historical mines, which previously sold steelmaking coal to the Japanese steel industry, back into production. With the backdrop of strong steelmaking coal prices, particularly for exports of steelmaking coal from western Canada, we are pleased with our results at both of our primary projects, the Tent Mountain Mine Re-start Project, and the Chinook Project (Chinook).

In 2020 we completed a Definitive Feasibility Study (DFS) for the Tent Mountain Mine Re-start Project. The DFS showed strong technical and financial results, leaving Montem well placed to produce first coal sales in 2023. We also completed an exploration program and subsequently a Scoping Study at the Chinook Project. The exploration program and Scoping Study confirmed Chinook as a large, Tier 1 Hard Coking Coal project. We are planning further exploration at Chinook in 2021 to delineate the Scoping Study main mining area to sustain a 20+ year mine-life for the Project.

We are pleased to report we operated safely without a Lost Time Injury or Environmental Incident throughout the year. COVID-19 has been troubling for all of us, and we adjusted our activities to keep our employees and contractors safe, whilst remaining active as we develop our assets.

In February 2020, my colleague and friend Dr. Rob Yeates retired from his position as Chairman and Non-Executive Director of Montem, and I was elected Chairman. I thank Rob for his guidance and expertise in setting the strategy for Montem's development. Rob has had a distinguished career in the global mining industry, and we wish him well in his future endeavours.

In September 2020, we undertook an Initial Public Offering (IPO) and listed on the ASX, raising $8,000,000 and issuing 32 million shares. Our IPO was well supported by both existing and new shareholders.

We look forward to the year ahead with great anticipation. We are working hard with the Alberta Energy Regulator to prepare the Tent Mountain Mine for its restart. We anticipate completing the relevant applications to amend the permits to operational status later this year.

Importantly, both of our primary projects sit on Category 4 lands as defined by the Alberta 1976 Coal Development Policy (Coal Policy). Category 4 lands of the Coal Policy allow for exploration and surface mining subject to the normal approvals and permitting process. It is worth noting, in the Crowsnest Pass region, only Montem and Hancock Prospecting hold properties on Category 4 lands.

We are greatly appreciative of your support throughout 2020 and believe that the Company will increase value for shareholders over the coming year. We thank our fellow board members and management as well as our staff for all their efforts and success during the past year.

We also thank the communities we operate in. By employing locally, and engaging with Indigenous Peoples, Montem has become a sustainable member of the Crowsnest Pass community. We look forward to building our team in Alberta.

We will continue to operate safely as we develop our asset base, and we look forward to bringing you news of our progress.

Sincerely,

Mark Lochtenberg
Chairman and Non-Executive Director

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' or 'Parent Entity') and the entities it controlled at the end of, or during, year ended 31 December 2020.

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 (appointed as Chairman on 13 February 2020)
Peter Doyle, Managing Director and CEO
Robert Tindall, Non-executive Director
Susie Henderson, Non-executive Director
William Souter, Non-executive Director
Rob Yeates, Non-executive Chairman (resigned 13 February 2020)

Company overview and principal activities

Montem Resources (ASX: MR1) is a steelmaking coal development company that owns and leases coal tenements in the Canadian provinces of Alberta and British Columbia. The Company's objective is to become the operator of steelmaking coal mines in Canada by developing its properties in the Crowsnest Pass. The Company is planning an integrated mining complex in the Crowsnest Pass, focusing on low-cost development of open-cut operations that leverage central infrastructure.

Montem Resources' objective is to re-establish mining at the Tent Mountain Mine, whilst exploring and evaluating the development potential of the Chinook Project. During the year ended 31 December 2020 the principal continuing activities of the Company were the exploration and development of coal tenements.

The Company is focussed on re-establishing mining at the Tent Mountain Mine to produce steelmaking coal. Over the past three years the Company has completed extensive exploration and engineering studies, including a Definitive Feasibility Study on the Tent Mountain Mine Re-start Project. The Company requires additional licences to re-start open-cut mining at Tent Mountain, and applications for these licences are being prepared by the Company. The current schedule is for the Tent Mountain Mine to begin construction in late 2022, with first coal sales in 2023.

Montem is also progressing the Chinook Project which covers areas containing historical mines that previously exported steelmaking coal to Japanese steel mills. The Company completed a Scoping Study on the Chinook Project which identified the potential for a large open-cut Tier 1 hard coking coal mine. The Company plans to explore, and further define and develop this potential mine.

Dividends

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

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to $3,411,080 (31 December 2019: $3,305,949).

The loss for the current period is consistent with the principal activities of the Company with no revenue-generating activities.

Exploration and mine development

Tent Mountain Mine

During 2020 the Company concentrated efforts planning the re-start of the Tent Mountain Mine.

Exploration was conducted in 2019 to supplement historical data. The geology, geotech and geochem data provided the requisite information to complete an updated JORC resource assessment for the Mine, and to support mine planning for the Definitive Feasibility Study.

Independent consultants including Dahrouge (geology), SRK (mine planning and project management), Sedgman (coal preparation plant and surface infrastructure), Matrix (environment) and Lifeways (Indigenous engagement) delivered the Definitive Feasibility Study in May 2020. The study shows strong positive economic results, with the mine expected to operate for 14 years producing 1.8Mtpa run of mine coal for 1.1Mtpa of product to be marketed as a high-quality Tier 2 hard coking coal (HCC).

The Company has also secured the land required for a rail siding adjacent to the Tent Mountain Mine on the CP rail line, negating the need to use provincial roads to transport coal, as well as the power and water supply to support the rapid re-start of the mine. Additionally, the Company negotiated a port services agreement with Westshore Terminals in the Port of Vancouver for up to 1.25Mtpa, executing the contract in July 2020.

The Company has been undertaking environmental testing and monitoring since early-2018 to facilitate the environmental permit amendment applications the Company will submit to the AER. This environmental analysis includes surface water quality and groundwater monitoring, flora and fauna surveys, fisheries and aquatics surveys as well as cultural and archaeology studies. These surveys and studies, along with the significant environmental data collected by the mine operator form a key component in the Company’s environmental assessment process which underpins the permit amendment process. The studies have enabled impact assessment reports to be completed, which are being compiled to support the Environmental Impact Assessment to accompany the permit amendment applications.

The mine operating plans and the applications to amend the Company's existing environmental permits and gain additional operating permits and licenses are expected to be presented to the AER in the second half of 2021.

Chinook Project

In 2019 the Company completed its initial concept study or “Preliminary Economic Assessment” of a large open-cut hard coking coal project in the Crowsnest Pass. The results from that study were encouraging, depicting a large open-cut mine potentially capable of producing 5Mtpa of hard coking coal.

In H1 2020 an updated JORC resource estimate was made for the Chinook Project. Th JORC resource estimate of 149.1 million tonnes, had an accompanying Exploration Target of 125Mt - 450Mt for the Chinook Project. To align engineering and geology, the Company commissioned independent consultant RPM Global to conduct a new scoping study based on the updated resource estimate (Scoping Study). Results from the Scoping Study indicate and economically and technically viable project with upside justifying progressing to a Pre-Feasibility Study. The Chinook Project is located wholly within Category 4 lands, which contemplates open cut mine development.

Montem undertook an exploration drilling program at Chinook Vicary in September-November 2020. The exploration confirmed the Chinook Vicary product coal quality as Tier 1 hard coking coal, and identified areas of structurally thickened coal seams ideal for open-cut mining. The 2021 Scoping Study expanded on earlier conceptual mine planning work completed and identified multiple new zones of low stripping ratio mineable hard coking coal.

Corporate activity
Montem Resource’s Independent Chairman and Non-Executive Director, Robert Yeates, announced his retirement in February 2020. Mr. Yeates was integral to the development and implementation of Montem’s strategy. The Board acknowledged his guidance and focus on governance and is thankful for his service.

Mr Mark Lochtenberg was elected Chairman following Mr Yeates’ retirement. Mr Lochtenberg joined the Montem Resources Board in H1 2019 and brings a range of skills and experience to the role. Mr Lochtenberg has worked in the resource sector for more than 30 years. He was formerly the co-head of Glencore International AG’s worldwide coal division, where he spent 13 years overseeing a range of trading activities and coal asset purchase and delivered significant growth for their portfolio of coal assets.

In addition, on 2 November 2020, Ms Melanie Leydin replaced Mr Alan Ahlgren as Chief Financial Officer and continue in her role as Company Secretary.

Significant changes in the state of affairs
On 12 May 2020, the Company undertook a private placement to sophisticated investors issuing 12,791,419 shares with an issue price of $0.15 per share, raising funds of $1,918,713.

During the financial year, 2,696,631 Options with varying exercise prices lapsed due to not meeting relevant milestones under the Option plan terms and conditions. In addition, 455,387 Performance Rights were lapsed upon resignation of a Director.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout North America and globally. The spread of COVID-19 has caused significant volatility in North America and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19 and therefore the Company has taken precautionary measures by temporarily closing the Company’s office and having arranged the employees work remotely, as well as curtailing travel. Management believes that this will allow efforts to continue the operations and permitting activities. At the date of this report, the impact of these measures are not expected to significantly impact the operations. However, as the circumstances continue to evolve, there may be disruptions to the operations if employees, consultants or their respective families are personally impacted by the COVID-19.

Between February to May 2020, the Company issued 860,000 convertible notes at an annual simple interest rate of 10%, raising $860,000, net of financing fees. In addition, on 8 April 2020 and 13 May 2020, the Company also issued convertible notes amounting to $150,000 to discharge a trade payable. The face value of each note is $1.00 with a maturity date (Maturity Date) of 31 December 2020. These convertible notes, along with the 4,335,000 notes issued in 2019 financial year, were converted to 32,931,608 ordinary shares at the completion of Initial Public Offering (IPO) during September 2020.

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 23 September 2022.

The Company commenced trading on the Australian Securities Exchange (ASX) on 15 September 2020 under the ASX code MR1 after completing an IPO, raising $8 million. The Company issued 32 million shares at $0.25 per share under the IPO with an implied market capitalisation of $50.7 million upon listing.

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 31 October 2019, the Company agreed to purchase a parcel of land which is planned to be used for a rail loading facility for the Tent Mountain Mine. Under the original agreement, a final payment of CAD 2,535,400 was to be made on 4 January 2021.

Subsequent the years end, on 4 January 2021, the Company and landlord agreed to extend this option over the planned rail loadout land for a further 12 months. The Land Vendors are not Related Parties.

The parties agreed to an extension of this agreement under the following terms:
- Extension of agreement to 4 January 2022
- Total purchase price CAD 3,000,000
- Montem forfeit the existing CAD 184,000 deposit on 4 January 2021
- Montem, posted a new, non-refundable deposit CAD 275,000.

On 26 February 2021, the Company issued 30,394,021 ordinary shares at $0.17 per share, raising $5,166,984 (before transaction costs) by way of share placement to sophisticated and professional investors. The Company intends to use funds from the Placement to advance the Chinook scoping study and complete the permitting for the re-start of the Tent Mountain Mine.

On 24 February 2021, the Company initiated a Share Purchase Plan (SPP) to raise $500,000. Shares under the SPP will be offered at a fixed issue price of $0.17 per new fully paid ordinary share in the Company.

On 4 March 2021, the Company announced the results of the coal quality test work performed on drilling samples from the Chinook Vicary area.

No other matter or circumstance has arisen since 31 December 2020 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.

Likely developments and expected results of operations
The Company intends to complete applications to the provincial regulator for the re-start of the Tent Mountain Mine, as well as undertake exploration and advance the Chinook scoping study in 2021. Both these assets are located within Category 4 of the 1976 Coal Development Policy for Alberta (Coal Policy) which allows for surface mining subject to the normal permitting process. This status is unaffected by the Alberta Government's 8th February 2021 decision to reinstate the 1976 Coal Policy.

The Company is finalising the operating licence application and permit amendments for the Tent Mountain Mine, with restart of production targeted for early 2023. The Company is also planning new exploration at the Chinook Project, which the recent Scoping Study indicated as an economic and technically viable Project with upside, justifying progression to the Pre-Feasibility stage.

Competent persons statement
Scoping Study

The information contained in this report relates to information compiled or reviewed by Mr Gregory Eisenmenger who is a Member of the Australasian Institute of Mining and Metallurgy (304702). Gregory is Executive Consultant at RPMGlobal. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Results, Mineral Resources and Ore Reserves. Mr Eisenmenger consents to the inclusion of the information disclosed by the Company in the form in which it appears. Neither Mr Eisenmenger nor RPMGlobal have a direct or indirect financial interest in, or association with Montem Resources Limited, the properties and tenements reviewed in this statement, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. In preparing this Scoping Study RPMGlobal has been paid a fee for time expended on this report. The present and past arrangements for services rendered to Montem Resources do not in any way compromise the independence of RPMGlobal.

Exploration Results

The information in this release that relates to Coal Quality, Mineral Resource Estimates and Exploration Target Estimates at the Chinook Project are extracted from the report; "Coal Resources for the Chinook Project Alberta, Canada, April 9, 2020". This document was prepared by Dahrouge Geological Consulting Ltd. and lodged with the ASX on 31 July 2020 and is available to view on the Company's website www.montem-resources.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market 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, as well as other matters not yet known to the Company or not currently considered material by the Company.

Environmental regulation
Safety

The Company's Board believes that all workplace injuries are avoidable. To that end, Montem Resources 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. These tailored policies and procedures were in place for all 2020 operations.

During the 2020 field program, the Company conducted its operations in compliance with the relevant Albertan regulations for occupational health and safety for coal mining. The Company recorded no Loss Time Injuries and continues to operate without a Loss Time Injury since inception.

Directors specifically 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.

Permitting

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.

Alberta Legislation

In Alberta, coal projects are regulated by the Alberta Energy Regulator (AER) under the Environmental Protection and Enhancement Act (EPEA) and the Coal Conservation Act (CCA). The following Albertan environmental legislation apply to Montem Resources properties (excluding the Tent Mountain Mine which retains an EPEA approval):

- Environmental Protection and Enhancement Act (EPEA)
- Coal Conservation Act
- Water Act
- Public Lands Act

Canadian Federal Legislation

Coal mining is typically an activity that requires the preparation and submission of an Impact Assessment report as per the Canadian federal Impact Assessment Act of 2019 and as established on a project by project basis by the Physical Activities Regulation of that Act. Greenfield coal mine projects, including the Chinook Project, are generally subject to an Impact Assessment according to the Physical Activities Regulations.

For the Tent Mountain Mine Re-start Project, however, the Company received written notice from the Federal regulator (Impact Assessment Agency of Canada), that the project does not meet the thresholds for coal production capacity as described in the Physical Activities Regulations.

Information on Directors

Name:	Mark Lochtenberg
Title:	Chairman and Non-executive Director (appointed as Chairman on 13 February 2020)
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) and ASX-listed Nickel Mines Limited.
Other current directorships:	Director, Equus Mining Limited and Nickel Mines Limited
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Audit and Risk Committee
Interests in shares:	8,782,154 ordinary shares
Interests in options:	175,097
Interests in rights:	525,097
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:	3,569,728 ordinary shares
Interests in options:	1,762,889
Interests in rights:	3,200,389
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. Mr Tindall holds a Bachelor of Arts and Master of Taxation.
Other current directorships:	Kootenay Zinc Corporation, Director and Chief Executive Officer
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Remuneration and Nomination Committee
Interests in shares:	13,936,864 ordinary shares
Interests in options:	466,926
Interests in rights:	716,926
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, South East 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:	Director, Waterfront Toronto Director, Women in Mining (Canada)
Former directorships (last 3 years):	Balance Advisory Pty Ltd Balance Infrastructure and Investments Inc
Special responsibilities:	Chair of Audit and Risk Committee and Member of Remuneration and Nomination Committee
Interests in shares:	368,431 fully paid ordinary shares
Interests in options:	175,097
Interests in rights:	425,097
Contractual rights to shares:	Nil

Name:	Mr Will 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:	Chair of Remuneration and Nomination Committee and member of Audit and Risk Committee
Interests in shares:	341,763 ordinary shares
Interests in options:	175,097
Interests in rights:	425,097
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 and Chief Financial Officer
Melanie Leydin – BBus (Acc. Corp Law) CA FGIA

Melanie 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 since February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the resources, technology, bioscience, biotechnology, and health sectors.

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary. Ms Leydin 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 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 2020, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk		Remuneration and nomination	
	Attended	Held	Attended	Held	Attended	Held
Rob Yeates	2	2	-	-	-	-
Peter Doyle	15	15	-	-	-	-
Rob Tindall	15	15	-	-	1	1
William Souter	15	15	1	1	1	1
Susie Henderson	15	15	1	1	1	1
Mark Lochtenberg	15	15	1	1	-	-

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	12/01/2023	$0.6300	1,086,667
12/01/2018	12/01/2023	$0.6300	649,805
12/01/2018	31/12/2023	$0.7500	649,806
12/01/2018	31/12/2024	$1.0000	649,806
31/01/2018	12/01/2023	$0.6300	233,463
31/01/2018	12/01/2023	$0.7500	233,463
31/01/2018	12/01/2023	$1.0000	161,832
06/04/2018	12/01/2023	$0.6300	116,732
06/04/2018	31/12/2023	$0.7500	116,732
06/04/2018	31/12/2024	$1.0000	116,730
08/07/2019	12/01/2023	$0.6300	58,366
08/07/2019	31/12/2023	$0.7500	58,366
08/07/2019	31/12/2024	$1.0000	58,365
24/09/2019	23/09/2022	$0.2500	1,000,000
24/09/2019	23/09/2022	$0.2500	375,000
24/09/2019	23/09/2022	$0.5000	750,000
			6,315,133

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

Grant date	Expiry date	Exercise price	Number under rights
01/06/2018	01/06/2023	$0.0000	2,544,613
08/07/2019	01/06/2023	$0.0000	175,097
24/09/2019	30/06/2023	$0.0000	3,000,000
30/06/2020	01/06/2023	$0.0000	1,500,000
30/06/2020	30/06/2023	$0.0000	1,500,000
			8,719,710

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

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 2020 and up to the date of this report.

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 2020 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

9 March 2021

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') 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 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
- 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 Directors 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 will be put forward for Shareholder approval at the 2021 Annual General Meeting following the Company's listing on the ASX on 15 September 2020.

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 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 (appointed as Chairman on 13 February 2020)
- Peter Doyle, Managing Director and CEO
- Robert Tindall, Non-executive Director
- Susie Henderson, Non-executive Director
- William Souter, Non-executive Director
- Robert Yeates (Non-executive Chairman, resigned 13 February 2020)

And the following persons:
- Robert Bell, Chief Commercial Officer
- Alan Ahlgren, Chief Financial Officer (Resigned on 2 November 2020)
- Melanie Leydin, Chief Financial Officer and Company Secretary (Appointed on 2 November 2020)

	Short-term benefits			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**	
2020	**Cash salary and fees $**	**Annual leave $**	**Bonus $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Mark Lochtenberg	46,285	-	-	4,397	-	41,866	92,548
Robert Tindall	60,000	-	-	-	-	90,761	150,761
Susie Henderson	34,375	-	-	-	-	44,130	78,505
William Souter	34,375	-	-	-	-	44,130	78,505
Robert Yeates (i)	14,743	-	-	-	-	(125,215)	(110,472)
Executive Directors:							
Peter Doyle	501,430	27,481	48,297	3,043	-	337,027	917,278
Other Key Management Personnel:							
Robert Bell (ii)	282,559	22,973	-	3,043	-	164,128	472,703
Alan Ahlgren (iii)	106,968	-	-	-	-	-	106,968
Melanie Leydin (iv)	13,350	-	-	-	-	-	13,350
	1,094,085	50,454	48,297	10,483	-	596,827	1,800,146

(i) Mr Yeates ceased employment with the Company during February 2020. His equity settled remuneration amounts for the current financial year were in credit due to canceled / forfeited options and performance rights.
(ii) Mr Robert Bell became a part time employee during the year.
(iii) Mr Alan Ahlgren resigned on 2 November 2020
(iv) The Company paid $13,350 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.

Bonus awarded for 2020 were in relation to the capital raising and ASX listing as approved by the Board. Entire bonus amount is withheld until a capital raise is undertaken.

2019	Short-term benefits Cash salary and fees $	Annual leave $	Bonus $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Mark Lochtenberg	22,831	-	-	2,169	-	15,918	40,918
Robert Tindall	60,000	-	-	-	-	138,568	198,568
Susie Henderson	30,000	-	-	-	-	58,468	88,468
William Souter	30,000	-	-	-	-	58,468	88,468
Robert Yeates	125,000	-	-	-	-	238,875	363,875
Executive Directors:							
Peter Doyle	528,085	11,122	-	3,048	-	315,759	858,014
Other Key Management Personnel:							
Robert Bell	389,504	9,479	-	3,048	-	205,830	607,861
Alan Ahlgren	104,764	-	-	-	-	-	104,764
	1,290,184	20,601	-	8,265	-	1,031,886	2,350,936

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

Name	Fixed remuneration 2020	Fixed remuneration 2019	At risk - STI 2020	At risk - STI 2019	At risk - LTI 2020	At risk - LTI 2019
Non-Executive Directors:						
Mark Lochtenberg	77%	61%	-	-	23%	39%
Robert Tindall	49%	27%	-	-	51%	73%
Susie Henderson	58%	34%	-	-	42%	66%
William Souter	50%	44%	-	-	50%	56%
Robert Yeates	13%	34%	-	-	(113%)	66%
Executive Directors:						
Peter Doyle	63%	65%	6%	-	31%	35%
Other Key Management Personnel:						
Robert Bell	67%	68%	-	-	33%	32%
Alan Ahlgren	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 Chief Executive Officer
Agreement commenced:	1 June 2018
Term of agreement:	Ongoing
Details:	Annual salary of CAD 475,000 excluding statutory and other required deductions. Mr Doyle's employment agreement is for an indefinite term, continuing until terminated by either the Company or Mr Doyle. Mr 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 Doyle with payment of 12 months of Mr Doyle's then 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 less statutory and other required deductions. Mr 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 Bell with payment of 12 months of his then total fixed remuneration.

Name:	Alan Ahlgren
Title:	Chief Financial Officer (Resigned on 2 November 2020)
Agreement commenced:	13 March 2018
Details:	Mr Ahlgren's services as the Chief Financial Officer for the Company Corp were provided under a consulting services agreement between Seatrend Strategy Group (Seatrend) and Montem Resources Corp dated 13 March 2018. In consideration for performing the services, the Company paid Seatrend a fixed retainer of CAD 5,000 per month for a commitment of 32 hours, with any hours in excess of this amount being payable at CAD 195 per hour.

Name:	Melanie Leydin
Title:	Company Secretary and Chief Financial Officer
Agreement commenced:	2 November 2020
Term of agreement:	Ms Leydin's services as the Chief Financial Officer for the Company are provided under a consulting services agreement between the Company and 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 2020.

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	12-Jan-18	12-Jan-23	$0.6300	$0.361
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	12-Jan-18	12-Jan-23	$0.6300	$0.361
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	12-Jan-18	12-Jan-23	$0.6300	$0.361
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
Robert Yeates*	233,463	31-Jan-18	01-Feb-19	12-Jan-23	$0.6300	$0.359
Robert Yeates*	233,463	31-Jan-18	01-Feb-20	12-Jan-23	$0.7500	$0.347
Robert Yeates*	161,832	31-Jan-18	01-Feb-21	12-Jan-23	$1.0000	$0.325
William Souter	58,366	06-Apr-18	06-Apr-18	12-Jan-23	$0.6300	$0.355
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	06-Apr-18	12-Jan-23	$0.6300	$0.355
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	08-Jul-19	12-Jan-23	$0.6300	$0.099
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
Peter Doyle	375,000	24-Sep-19	01-Apr-20	23-Sep-22	$0.2500	$0.129
Peter Doyle	125,000	24-Sep-19	01-Apr-20	23-Sep-22	$0.2500	$0.129
Peter Doyle	187,500	24-Sep-19	30-Jun-20	23-Sep-22	$0.2500	$0.133
Peter Doyle	375,000	24-Sep-19	01-Apr-21	23-Sep-22	$0.5000	$0.106
Robert Bell	150,000	24-Sep-19	01-Apr-20	23-Sep-22	$0.2500	$0.129
Robert Bell	75,000	24-Sep-19	01-Apr-20	23-Sep-22	$0.2500	$0.129
Robert Bell	87,500	24-Sep-19	30-Jun-20	23-Sep-22	$0.2500	$0.133
Robert Bell	200,000	24-Sep-19	01-Apr-21	23-Sep-22	$0.5000	$0.106

* Mr Yeates ceased employment with the Company during February 2020.

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 2020 are set out below:

Name	Number of options granted during the year 2020	Number of options granted during the year 2019	Number of options vested during the year 2020	Number of options vested during the year 2019
Mark Lochtenberg	-	350,097	58,365	58,366
Peter Doyle	-	2,000,000	920,963	233,463
Robert Bell	-	1,000,000	487,597	175,097
Robert Tindall	-	175,000	155,642	155,642
Susie Henderson	-	175,000	58,365	58,366
Robert Yeates*	-	300,000	233,463	233,463
William Souter	-	175,000	58,365	58,366

* Mr Yeates ceased employment with the Company during February 2020.

Values of options over ordinary shares granted, exercised and lapsed for Directors and other Key Management Personnel as part of compensation during the year ended 31 December 2020 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $
Peter Doyle	-	-	(107,319)
Robert Tindall	-	-	(17,413)
Robert Bell	-	-	(54,534)
Susie Henderson	-	-	(17,413)
William Souter	-	-	(17,413)
Mark Lochtenberg	-	-	(17,413)
Robert Yeates*	-	-	(46,328)

* Mr Yeates ceased employment with the Company during February 2020.

Performance rights
The terms and conditions of each grant of performance rights 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 rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
Mark Lochtenberg	175,097	08-Jul-19	01-Jun-23	01-Jun-23	$0.250
Mark Lochtenberg	175,000	30-Jun-20	30-Jun-23	30-Jun-23	$0.150
Mark Lochtenberg	175,000	30-Jun-20	01-Jun-23	01-Jun-23	$0.150
Peter Doyle	700,389	01-Jun-18	30-Sep-20	01-Jun-23	$0.500
Peter Doyle	1,500,000	24-Sep-19	30-Jun-23	30-Jun-23	$0.250
Peter Doyle	500,000	30-Jun-20	30-Jun-23	30-Jun-23	$0.150
Peter Doyle	500,000	30-Jun-20	01-Jun-23	01-Jun-23	$0.150
Robert Bell	525,292	01-Jun-18	30-Sep-20	01-Jun-23	$0.500
Robert Bell	750,000	24-Sep-19	30-Jun-23	30-Jun-23	$0.250
Robert Bell	100,000	30-Jun-20	30-Jun-23	30-Jun-23	$0.150
Robert Bell	100,000	30-Jun-20	01-Jun-23	01-Jun-23	$0.150
Robert Tindall	466,926	01-Jun-18	30-Sep-20	01-Jun-23	$0.500
Robert Tindall	125,000	30-Jun-20	30-Jun-23	30-Jun-23	$0.150
Robert Tindall	125,000	30-Jun-20	01-Jun-23	01-Jun-23	$0.150
Robert Yeates*	245,002	01-Jun-18	30-Sep-20	01-Jun-23	$0.500
Susie Henderson	175,097	01-Jun-18	30-Sep-20	01-Jun-23	$0.500
Susie Henderson	125,000	30-Jun-20	30-Jun-23	30-Jun-23	$0.150
Susie Henderson	125,000	30-Jun-20	01-Jun-23	01-Jun-23	$0.150
William Souter	175,097	01-Jun-18	30-Sep-20	01-Jun-23	$0.500
William Souter	125,000	30-Jun-20	30-Jun-23	30-Jun-23	$0.150
William Souter	125,000	30-Jun-20	01-Jun-23	01-Jun-23	$0.150

* Mr Yeates ceased employment with the Company during February 2020.

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by Directors and other Key Management Personnel as part of compensation during the year ended 31 December 2020 are set out below:

Name	Number of rights granted during the year 2020	Number of rights granted during the year 2019	Number of rights vested during the year 2020	Number of rights vested during the year 2019
Mark Lochtenberg	350,000	175,097	-	-
Peter Doyle	1,000,000	1,500,000	700,389	-
Robert Bell	200,000	750,000	525,292	-
Robert Tindall	250,000	-	466,926	-
Susie Henderson	250,000	-	175,097	-
William Souter	250,000	-	175,097	-
Robert Yeates*	-	-	245,002	-

* Mr Yeates ceased employment with the Company during February 2020.

Values of performance rights over ordinary shares granted, vested and lapsed for Directors and other Key Management Personnel as part of compensation during the year ended 31 December 2020 are set out below:

Name	Value of rights granted during the year $	Value of rights vested during the year $	Value of rights lapsed during the year $
Mark Lochtenberg	52,500	-	-
Peter Doyle	150,000	350,195	-
Robert Bell	30,000	262,646	-
Robert Tindall	37,500	233,463	-
Susie Henderson	37,500	87,549	-
William Souter	37,500	87,549	-
Robert Yeates*	-	122,501	227,694

* Mr Yeates ceased employment with the Company during February 2020.

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	3,400,000	5,382,154	-	-	8,782,154
Peter Doyle	3,569,728	-	-	-	3,569,728
Robert Tindall	14,598,530	-	(661,666)	-	13,936,864
Susie Henderson	368,431	-	-	-	368,431
William Souter	341,763	-	-	-	341,763
Robert Yeates*	1,200,389	-	-	(1,200,389)	-
	23,478,841	5,382,154	(661,666)	(1,200,389)	26,998,940

* Mr Yeates ceased employment with the Company during February 2020.

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	Forfeited	Balance at the end of the year
Options over ordinary shares					
Peter Doyle	2,700,389	-	-	(937,500)	1,762,889
Robert Tindall	641,926	-	-	(175,000)	466,926
Robert Bell	1,525,291	-	-	(487,500)	1,037,791
Susie Henderson	350,097	-	-	(175,000)	175,097
William Souter	350,097	-	-	(175,000)	175,097
Mark Lochtenberg	350,097	-	-	(175,000)	175,097
Robert Yeates*	1,000,389	-	-	(371,631)	628,758
	6,918,286	-	-	(2,496,631)	4,421,655

* Mr Yeates ceased employment with the Company during February 2020.

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Peter Doyle	920,963	-	920,963
Robert Tindall	155,642	-	155,642
Robert Bell	487,597	-	487,597
William Souter	58,365	-	58,365
Susie Henderson	58,365	-	58,365
Mark Lochtenberg	58,366	-	58,366
Robert Yeates*	233,463	-	233,463
	1,972,761	-	1,972,761

* Mr Yeates ceased employment with the Company during February 2020.

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	Forfeited	Balance at the end of the year
Performance rights over ordinary shares					
Peter Doyle	2,200,389	1,000,000	-	-	3,200,389
Robert Tindall	466,926	250,000	-	-	716,926
Robert Bell	1,275,292	200,000	-	-	1,475,292
William Souter	175,097	250,000	-	-	425,097
Susie Henderson	175,097	250,000	-	-	425,097
Mark Lochtenberg	175,097	350,000	-	-	525,097
Robert Yeates*	700,389	-	-	(455,387)	245,002
	5,168,287	2,300,000	-	(455,387)	7,012,900

* Mr Yeates ceased employment with the Company during February 2020.

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Performance rights over ordinary shares			
Peter Doyle	700,389	-	700,389
Robert Tindall	466,926	-	466,926
Robert Bell	525,292	-	525,292
William Souter	175,097	-	175,097
Susie Henderson	175,097	-	175,097
Robert Yeates*	245,002	-	245,002
	2,287,803	-	2,287,803

* Mr Yeates ceased employment with the Company during February 2020.

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.

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 2020 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

J. C. Luckins
Director

Dated this 9th March 2021

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Montem Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 $	2019 $
Other income			
Other income		-	118,167
Interest income		-	2,059
Expenses			
Employee benefits expense	5	(1,633,181)	(1,840,007)
Professional fees	5	(203,598)	(317,422)
Marketing and business development		(114,493)	(71,742)
Corporate expenses	5	(1,044,682)	(934,369)
Depreciation charges	5	(37,796)	(38,662)
Financing costs	5	(377,330)	(223,973)
Loss before income tax expense		(3,411,080)	(3,305,949)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Montem Resources Limited		(3,411,080)	(3,305,949)
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss net of tax			
Foreign currency translation		(1,294,358)	359,283
Other comprehensive (loss) / income for the year, net of tax		(1,294,358)	359,283
Total comprehensive loss for the year attributable to the owners of Montem Resources Limited		(4,705,438)	(2,946,666)
		Cents	**Cents**
Basic earnings per share	26	(2.2411)	(2.9196)
Diluted earnings per share	26	(2.2411)	(2.9196)

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 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	7	3,434,480	1,430,751
Accounts receivable	8	104,946	333,115
Deposits and advances		33,117	17,119
Prepayments		32,059	25,858
Total current assets		3,604,602	1,806,843
Non-current assets			
Receivables		5,103	-
Plant and equipment	9	707,730	752,805
Right-of-use assets	10	208,576	239,645
Exploration and evaluation	11	19,561,890	14,556,002
Non-current deposits		350,831	675,610
Total non-current assets		20,834,130	16,224,062
Total assets		24,438,732	18,030,905
Liabilities			
Current liabilities			
Trade and other payables	12	845,348	1,086,365
Borrowings	13	-	4,401,842
Lease liability	14	116,144	85,909
Employee benefits		191,192	129,962
Total current liabilities		1,152,684	5,704,078
Non-current liabilities			
Borrowings		40,671	-
Lease liabilities		109,017	162,581
Total non-current liabilities		149,688	162,581
Total liabilities		1,302,372	5,866,659
Net assets		23,136,360	12,164,246
Equity			
Issued capital	15	37,313,701	22,430,473
Reserves	16	2,748,777	3,685,834
Accumulated losses		(16,926,118)	(13,952,061)
Total equity		23,136,360	12,164,246

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 2020

Consolidated	Issued capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2019	14,560,004	113,102	2,042,481	(10,646,112)	6,069,475
Loss after income tax expense for the year	-	-	-	(3,305,949)	(3,305,949)
Other comprehensive income for the year, net of tax	-	359,283	-	-	359,283
Total comprehensive (loss) / income for the year	-	359,283	-	(3,305,949)	(2,946,666)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 15)	7,870,469	-	-	-	7,870,469
Share-based payments (Note 27)	-	-	1,170,968	-	1,170,968
Balance at 31 December 2019	22,430,473	472,385	3,213,449	(13,952,061)	12,164,246

Consolidated	Issued capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2020	22,430,473	472,385	3,213,449	(13,952,061)	12,164,246
Loss after income tax expense for the year	-	-	-	(3,411,080)	(3,411,080)
Other comprehensive loss for the year, net of tax	-	(1,294,358)	-	-	(1,294,358)
Total comprehensive loss for the year	-	(1,294,358)	-	(3,411,080)	(4,705,438)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 15)	14,883,228	-	-	-	14,883,228
Share-based payments (Note 27)	-	-	794,324	-	794,324
Share options and rights lapsed	-	-	(437,023)	437,023	-
Balance at 31 December 2020	37,313,701	(821,973)	3,570,750	(16,926,118)	23,136,360

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

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,709,927)	(2,088,958)
Interest and other finance costs paid		(13,861)	(42,149)
Net cash used in operating activities	25	(1,723,788)	(2,131,107)
Cash flows from investing activities			
Payments for property, plant and equipment		(41,701)	(706,947)
Payments for exploration and evaluation		(6,004,568)	(8,188,443)
Payments for security deposits		30,757	(490,199)
Net cash used in investing activities		(6,015,512)	(9,385,589)
Cash flows from financing activities			
Proceeds from issue of shares	15	9,918,713	8,149,332
Share issue transaction costs		(689,581)	(278,863)
Proceeds from borrowings		901,907	4,401,842
Repayment of borrowings		-	(987,814)
Repayment of lease liabilities		(101,300)	(46,962)
Net cash from financing activities		10,029,739	11,237,535
Net increase/(decrease) in cash and cash equivalents		2,290,439	(279,161)
Cash and cash equivalents at the beginning of the financial year		1,430,751	1,601,349
Effects of exchange rate changes on cash and cash equivalents		(286,710)	108,563
Cash and cash equivalents at the end of the financial year	7	3,434,480	1,430,751

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 9 March 2021. 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.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Consolidated Entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Consolidated Entity's financial statements.

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 $3,411,080 during the year ended 31 December 2020 (31 December 2019: $3,305,949) and had net operating cash outflows of $1,723,788 (31 December 2019: $2,131,107). As at 31 December 2020, the cash balance was $3,434,480 (31 December 2019: $1,430,751) and net working capital surplus was $2,451,917 (31 December 2019: Deficit of $3,897,235).

On 26 February 2021, the Company issued 30,394,021 ordinary shares at $0.17 per share, raising $5,166,984 (before transaction costs) by way of share placement to sophisticated and professional investors. The Company intends to use funds from the Placement to advance the Chinook scoping study and complete the permitting for the re-start of the Tent Mountain Mine. In addition, on 24 February 2021, the Company initiated a Share Purchase Plan (SPP) to raise $500,000. Shares under the SPP will be offered at a fixed issue price of $0.17 per new fully paid ordinary share in the Company.

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.

2. Significant accounting policies (continued)

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 22.

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 2020 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.

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.

2. Significant accounting policies (continued)

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 revenue 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.

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

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

2. Significant accounting policies (continued)

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Operating segments
The sole segment of the Consolidated Entity is coal mining in Canada.

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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the services received, supply chain, staffing and geographic regions in which the Consolidated Entity operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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. Instead, 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.

Estimation of useful lives of assets
The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Consolidated Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Consolidated Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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. Significant judgement is required by management when assessing each of area of interest and therefore management's judgement carries the risk of been misstated.

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 development company that owns and leases coal tenements in the Canadian provinces of Alberta and British Columbia. The Consolidated Entity's activities are therefore 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 2020 $	Consolidated 2019 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	2,994	1,916
Office lease right-of-use assets	34,803	36,745
Total depreciation	37,797	38,661
Finance costs		
Interest and finance charges paid/payable on borrowings	367,456	213,511
Interest and finance charges paid/payable on lease liabilities	9,874	10,462
Finance costs expensed	377,330	223,973
Leases		
Short-term lease payments	15,070	31,877
Superannuation expense		
Defined contribution superannuation expense	2,169	4,397
Share-based payments expense		
Share-based payments expense	621,897	787,604

6. Income tax benefit

	Consolidated 2020 $	Consolidated 2019 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	2,861,818	3,305,949
Potential tax benefit @ 27.5%	787,000	909,136

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

7. Current assets - cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Cash at bank	3,434,480	1,430,751

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.

8. Current assets - accounts receivable

	Consolidated 2020 $	Consolidated 2019 $
Interest receivable	2,136	3,786
BAS receivable	102,810	329,329
	104,946	333,115

Accounting policy for trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

9. Non-current assets - plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Buildings - at cost	485,842	492,428
Less: Accumulated depreciation	(11,967)	-
	473,875	492,428
Motor vehicles	21,124	22,775
Less: Accumulated depreciation	(11,149)	(5,061)
	9,975	17,714
Computer equipment	27,660	17,109
Less: Accumulated depreciation	(4,956)	(2,218)
	22,704	14,891
Roads and bridges	152,021	163,903
Less: Accumulated depreciation	(3,801)	-
	148,220	163,903
Furniture and fixtures	60,035	63,869
Less: Accumulated depreciation	(7,079)	-
	52,956	63,869
	707,730	752,805

9. Non-current assets - plant and equipment (continued)

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

Consolidated	Building $	Motor vehicles $	Computer equipment $	Roads and bridges $	Furniture and fixtures $	Total $
Balance at 1 January 2019	-	-	2,878	49,969	-	52,847
Additions	492,428	22,775	13,770	111,228	63,869	704,070
Exchange differences	-	-	448	2,706	-	3,154
Depreciation expense	-	(5,061)	(2,205)	-	-	(7,266)
Balance at 31 December 2019	492,428	17,714	14,891	163,903	63,869	752,805
Additions	29,114	-	11,791	-	-	40,905
Exchange differences	(35,701)	(1,284)	(1,350)	(11,882)	(3,834)	(54,051)
Depreciation expense	(11,967)	(6,454)	(2,628)	(3,801)	(7,079)	(31,929)
Balance at 31 December 2020	473,874	9,976	22,704	148,220	52,956	707,730

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line or declining balance basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years (Straight line basis)
Office furniture and fixtures	20% (Declining balance basis)
Buildings	40 years (Straight line basis)
Roads and bridges	10 years (Straight line basis)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

10. Non-current assets - right-of-use assets

	Consolidated 2020 $	Consolidated 2019 $
Buildings - right-of-use	168,503	181,673
Less: Accumulated depreciation	(103,910)	(75,697)
	64,593	105,976
Motor vehicles - right-of-use	227,892	165,934
Less: Accumulated depreciation	(101,780)	(32,265)
	126,112	133,669
Office equipment - right-of-use	21,997	-
Less: Accumulated depreciation	(4,126)	-
	17,871	-
	208,576	239,645

10. Non-current assets - right-of-use assets (continued)

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

Consolidated	Buildings $	Motor vehicles $	Office equipment $	Total $
Balance at 1 January 2019	-	-	-	-
Additions	181,673	165,934	-	347,607
Depreciation expense	(75,697)	(32,265)	-	(107,962)
Balance at 31 December 2019	105,976	133,669	-	239,645
Additions	-	73,988	21,997	95,985
Exchange differences	(7,682)	(9,691)	-	(17,373)
Depreciation expense	(33,701)	(71,854)	(4,126)	(109,681)
Balance at 31 December 2020	64,593	126,112	17,871	208,576

Accounting policy for right-of-use assets
A right-of-use asset is a leased asset that is recognised at the commencement date of a lease and is initially measured at the present value of the unavoidable future lease payments to be made over the lease term, less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the right-of-use asset and lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

11. Non-current assets - exploration and evaluation

	Consolidated 2020 $	2019 $
Exploration and evaluation Chinook - at cost	1,016,777	1,096,250
Exploration and evaluation Tent Mountain - at cost	18,545,113	13,459,752
	19,561,890	14,556,002

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

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 2019	1,039,930	4,677,931	5,717,861
Additions during the year	-	8,624,921	8,624,921
Exchange differences	56,320	156,900	213,220
Balance at 31 December 2019	1,096,250	13,459,752	14,556,002
Additions during the year	-	6,061,132	6,061,132
Exchange differences	(79,473)	(975,771)	(1,055,244)
Balance at 31 December 2020	1,016,777	18,545,113	19,561,890

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.

12. Current liabilities - trade and other payables

	Consolidated 2020 $	2019 $
Trade payables	739,962	1,057,866
Accrued expenses	75,758	21,000
Other payables	29,628	7,499
	845,348	1,086,365

Refer to Note 17 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.

13. Current liabilities - borrowings

	Consolidated 2020 $	2019 $
Convertible notes payable	-	4,401,842

Refer to Note 17 for further information on financial instruments.

13. Current liabilities - borrowings (continued)

Convertible notes payable

During the year ended 31 December 2019, the Company issued 4,335,000 convertible notes at an annual simple interest rate of 10%, raising $4,164,500, net of financing fees. The face value of each note is $1.00 with a maturity date (Maturity Date) of 31 December 2020. The convertible notes are convertible at the following prices:

- If there is an initial public offering event (IPO Conversion Event):
- on or before 31 March 2020, the price is at a 20% discount to the issue price of shares to investors under the initial public offering (IPO).
- between 1 April 2020 and 30 September 2020, the price is at a 30% discount to the issue price of shares to investors under the IPO.
- after 30 September 2020 but before the Maturity Date, the price is at a 40% discount to the issue price of shares to investors under the IPO.
- If there is a change of control event other than through an IPO or the completion of a fundraising event (other than an IPO) which raises $10 million or more (Qualifying Financing Event), at a price pre-share as determined by the Company's auditors.

If on Maturity Date, at a price per share to be determined based on the value of the Company as determined by one of several professional accountants as selected by the Company, divided by the number of shares on issue immediately before the relevant event.

In addition, between February to May 2020, the Company issued 860,000 convertible notes at an annual simple interest rate of 10%, raising $860,000, net of financing fees. Further, on 8 April 2020 and 13 May 2020, the Company also issued convertible notes amounting to $150,000 to discharge a trade payable. The face value of each note was $1.00 with a maturity date (Maturity Date) of 31 December 2020. These convertible notes were issued at similar terms to that of above.

All these convertible notes, along with the notes issued in early 2020 financial year, were converted to 32,931,608 ordinary shares at the completion of Initial Public Offering (IPO) during September 2020.

14. Current liabilities - Lease liability

The Consolidated Entity entered into leases arrangements for office space, motor vehicles and office equipment. Rental contracts are typically made for fixed periods of 12 to 36 months, but may have an extension option. This note provides information for leases where the Consolidated Entity is a lessee.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The statement of financial position shows the following amounts relating to leases:

	Consolidated	
	2020	**2019**
	$	**$**
Lease liabilities		
Current	116,144	85,909
Non-current	109,167	162,581
	225,311	248,490

The statement of profit or loss shows the following amounts relating to leases;

14. Current liabilities - Lease liability (continued)

Incremental borrowing rates
Right-of-use assets and lease liabilities are determined based on an incremental borrowing rate. To determine the incremental borrowing rate, the Consolidated Entity:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for the Consolidated Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

15. Equity - issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	202,626,811	124,903,784	37,313,701	22,430,473

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2019	92,306,458		14,560,004
Share issue	4 February 2019	2,000,000	$0.2500	500,000
Share issue	19 March 2019	5,410,000	$0.2500	1,352,500
Share issue	10 April 2019	9,800,000	$0.2500	2,450,000
Share issue	11 April 2019	100,000	$0.2500	25,000
Share issue	30 April 2019	1,000,000	$0.2500	250,000
Share issue	9 May 2019	1,000,000	$0.2500	250,000
Share issue	27 May 2019	30,000	$0.2500	7,500
Share issue	30 May 2019	1,000,000	$0.2500	250,000
Share issue	28 June 2019	4,100,000	$0.2500	1,025,000
Share issue	4 July 2019	4,000,000	$0.2500	1,000,000
Share issue	12 July 2019	4,000,000	$0.2500	1,000,000
Share issue	12 July 2019	100,000	$0.2500	25,000
Share issue	22 August 2019	30,000	$0.2500	7,500
Share issue	20 December 2019	27,326	$0.2500	6,832
Share issue costs		-	$0.0000	(278,863)
Balance	31 December 2019	124,903,784		22,430,473
Share issue	12 May 2020	12,791,419	$0.1500	1,918,713
Conversion shares	14 September 2020	32,931,608	$0.1750	5,773,560
Share issue	14 September 2020	32,000,000	$0.2500	8,000,000
Share issue costs		-	$0.0000	(809,045)
Balance	31 December 2020	202,626,811		37,313,701

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.

15. Equity - issued capital (continued)

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 maintain an optimum capital structure to reduce the cost of capital.

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.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these covenants is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

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

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 maintain an optimum capital structure to reduce the cost of capital.

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.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

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.

16. Equity - reserves

	Consolidated	
	2020	2019
	$	$
Foreign currency translation reserve	(821,973)	472,385
Share-based payments reserve	3,570,750	3,213,449
	2,748,777	3,685,834

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

16. Equity - reserves (continued)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve $	Share based payments reserve $	Total $
Balance at 1 January 2019	113,102	2,042,481	2,155,583
Foreign currency translation	359,283	-	359,283
Share based payments	-	1,170,968	1,170,968
Balance at 31 December 2019	472,385	3,213,449	3,685,834
Foreign currency translation	(1,294,358)	-	(1,294,358)
Share based payments	-	794,324	794,324
Transfer to accumulated losses on lapse of options	-	(437,023)	(437,023)
Balance at 31 December 2020	(821,973)	3,570,750	2,748,777

17. 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, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall financial risk management program focuses on the unpredictability of financial markets 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 finance executives ('finance') 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. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Consolidated Entity undertakes certain 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.

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

	Average exchange rate		Reporting date exchange rate	
	2020	2019	2020	2019
Australian dollars				
Canadian dollars	0.9524	0.9020	0.9835	0.9122

17. Financial instruments (continued)

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	
Consolidated	**2020 $**	**2019 $**	**2020 $**	**2019 $**
Canadian dollars - Cash at bank	933,586	1,145,098	-	-
Canadian dollars - receivables	-	-	84,427	270,314
Canadian dollars - trade & other payables	-	-	843,743	1,044,933
Canadian dollars - borrowings	-	-	40,671	-
	933,586	1,145,098	968,841	1,315,247

	AUD strengthened			AUD weakened		
Consolidated - 2020	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Trade payable net of cash at bank	10%	(5,917)	(5,917)	-	5,917	5,917

	AUD strengthened			AUD weakened		
Consolidated - 2019	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Trade payable net of cash at bank	10%	45,951	45,951	10%	(45,951)	(45,951)

Price risk
The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk
The Consolidated Entity has limited interest rate risk and there are no significant interest-bearing assets or liabilities at the reporting date. As of the reporting date there are no significant interest-bearing assets. At 31 December 2019, there were $4.3 million in convertible notes payable at a fixed interest rate of 10% per annum. The convertible notes payable was converted to share capital during the 2020 financial year.

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 has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. 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.

Liquidity risk
Vigilant 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 debts as and when they become due and payable.

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

17. 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 - 2020	**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	-	739,962	-	-	-	739,962
Accrued expenses	-	75,758	-	-	-	75,758
Other payables	-	29,629	-	-	-	29,629
Other loans	-	40,671	-	-	-	40,671
Interest-bearing - fixed rate						
Lease liability	5.32%	125,451	91,843	14,307	-	231,601
Total non-derivatives		1,011,471	91,843	14,307	-	1,117,621

Consolidated - 2019	**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	-	1,086,365	-	-	-	1,086,365
Interest-bearing - variable						
Lease liabilities	5.38%	117,809	128,947	96,977	-	343,733
Interest-bearing - fixed rate						
Convertible notes payable	10.00%	4,401,842	-	-	-	4,401,842
Total non-derivatives		5,606,016	128,947	96,977	-	5,831,940

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

17. Financial instruments (continued)

Fair value of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Consolidated Entity are as follows:

	2020		2019	
Consolidated	**Carrying amount $**	**Fair value $**	**Carrying amount $**	**Fair value $**
Assets				
Cash at bank	3,434,480	3,434,480	1,430,752	1,430,752
Other receivables	102,810	102,810	329,329	329,329
Deposits - current	33,117	33,117	17,119	17,119
Deposits - non-current	350,831	350,831	675,610	675,610
	3,921,238	3,921,238	2,452,810	2,452,810
Liabilities				
Trade payables	845,348	845,348	1,086,365	1,086,365
Borrowings	40,671	40,671	-	-
	886,019	886,019	1,086,365	1,086,365

18. 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
Robert Yeates	Non-executive Chairman, resigned 13 February 2020

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
Alan Ahlgren	Chief Financial Officer (Resigned on 2 November 2020)
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	
	2020 $	**2019 $**
Short-term employee benefits	1,192,836	1,310,785
Post-employment benefits	10,483	8,265
Share-based payments	596,827	1,031,886
	1,800,146	2,350,936

19. 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 2020 $	Consolidated 2019 $
Audit services - William Buck		
Audit or review of the financial statements	28,450	40,000
Other services - William Buck		
Preparation of the tax return	7,500	7,500
	35,950	47,500

20. Contingent liabilities / assets

The Consolidated Entity had no contingent liabilities / assets as at 31 December 2020 and 2019.

21. Related party transactions

Parent entity
Montem Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 23.

Key management personnel
Disclosures relating to key management personnel are set out in Note 18 and the remuneration report included in the Directors' report.

Transactions with related parties
The Company paid $13,350 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.

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

Other than the key management personnel transactions are set out in Note 14, the Consolidated Entity had no transactions with other related parties during the year ended 31 December 2020.

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

	Consolidated 2020 $	Consolidated 2019 $
Current payables:		
Trade payables to key management personnel in relation to short-term employee benefits	89,054	55,167

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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

22. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2020 $	Parent 2019 $
Loss after income tax	(2,017,955)	(1,917,790)
Total comprehensive loss	(2,017,955)	(1,917,790)

Statement of financial position

	Parent 2020 $	Parent 2019 $
Total current assets	2,524,282	380,908
Total assets	34,421,139	24,813,058
Total current liabilities	184,414	4,514,591
Total liabilities	184,414	4,514,591
Equity		
Issued capital	37,336,860	22,430,473
Share-based payments reserve	3,570,750	3,213,449
Accumulated losses	(6,670,885)	(5,345,455)
Total equity	34,236,725	20,298,467

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 2020 and 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2020 and 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2020 and 2019.

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.

23. Interests in subsidiaries

The Montem Resources Group includes the following entities:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Montem Resources Limited	Melbourne, Victoria, Australia	-	-
Montem Resources Corp.	Vancouver, British Columbia, Canada	100.00%	100.00%
Montem Resources Alberta Operations Ltd	Edmonton, Alberta, Canada	100.00%	100.00%

24. Events after the reporting period

On 31 October 2019, the Company agreed to purchase a parcel of land which is planned to be used for a rail loading facility for the Tent Mountain Mine. Under the original agreement, a final payment of CAD 2,535,400 was to be made on 4 January 2021.

Subsequent the years end, on 4 January 2021, the Company and landlord agreed to extend this option over the planned rail loadout land for a further 12 months. The Land Vendors are not Related Parties.

The parties agreed to an extension of this agreement under the following terms:
- Extension of agreement to 4 January 2022
- Total purchase price CAD 3,000,000
- Montem forfeit the existing CAD 184,000 deposit on 4 January 2021
- Montem, posted a new, non-refundable deposit CAD 275,000

On 26 February 2021, the Company issued 30,394,021 ordinary shares at $0.17 per share, raising $5,166,984 (before transaction costs) by way of share placement to sophisticated and professional investors. The Company intends to use funds from the Placement to advance the Chinook scoping study and complete the permitting for the re-start of the Tent Mountain Mine.

On 24 February 2021, the Company initiated a Share Purchase Plan (SPP) to raise $500,000. Shares under the SPP will be offered at a fixed issue price of $0.17 per new fully paid ordinary share in the Company.

On 4 March 2021, the Company announced the results of the coal quality test work performed on drilling samples from the Chinook Vicary area.

No other matter or circumstance has arisen since 31 December 2020 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.

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

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax expense for the year	(3,411,080)	(3,305,949)
Adjustments for:		
Share-based payments	621,897	787,604
Depreciation	37,796	38,662
Finance charges	510,988	-
Non-cash deposits written-off	245,043	-
Change in operating assets and liabilities:		
Decrease/(increase) in prepayments	(6,201)	21,636
Increase in accounts receivable	1,650	(249,468)
Increase in deposits	(15,998)	165,509
Increase in trade and other payables	221,465	347,314
Increase in employee benefits	70,652	63,585
Net cash used in operating activities	(1,723,788)	(2,131,107)

26. Earnings per share

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax attributable to the owners of Montem Resources Limited	(3,411,080)	(3,305,949)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	152,207,102	113,232,577
Weighted average number of ordinary shares used in calculating diluted earnings per share	152,207,102	113,232,577
	Cents	**Cents**
Basic earnings per share	(2.2411)	(2.9196)
Diluted earnings per share	(2.2411)	(2.9196)

27. Share-based payments

(a) Equity issues to settle supplier liabilities

From time to time the Company may settle liabilities payable to external suppliers by way of an issue of ordinary shares in the Company, or by the issue of options over ordinary shares in the Company.

Issues of options to settle supplier liabilities

On 12 January 2018, the Company issued 1,086,667 options over ordinary shares to suppliers as settlement of liabilities. These options, which vested immediately, have an exercise price of 62.5 cents and an expiry date of 12 January 2023.

(b) Share issues to employees

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.

27. Share-based payments (continued)

(c) 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.

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 23 September 2022.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.

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 23 September 2022. 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.

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.

27. Share-based payments (continued)

(d) Details of options and performance rights

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

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ 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	233,463	-	-	(71,631)	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	1,250,000	-	-	(250,000)	1,000,000
24/09/2019	23/09/2022	$0.2500	750,000	-	-	(375,000)	375,000
24/09/2019	23/09/2022	$0.5000	750,000	-	-	-	750,000
24/09/2019	23/09/2022	$0.5000	2,000,000	-	-	(2,000,000)	-
			9,011,764	-	-	(2,696,631)	6,315,133
Weighted average exercise price			$0.5635	$0.0000	$0.0000	$0.4553	$0.6997

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ 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	233,463	-	-	-	233,463
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
26/11/2018	31/03/2019	$0.2500	2,000,000	-	-	(2,000,000)	-
28/11/2018	01/05/2019	$0.2500	4,000,000	-	-	(4,000,000)	-
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	-	1,250,000	-	-	1,250,000
24/09/2019	23/09/2022	$0.2500	-	1,000,000	-	(250,000)	750,000
24/09/2019	23/09/2022	$0.5000	-	750,000	-	-	750,000
24/09/2019	23/09/2022	$0.5000	-	2,000,000	-	-	2,000,000
			10,086,667	5,175,097	-	(6,250,000)	9,011,764
Weighted average exercise price			$0.4525	$0.4012	$0.0000	$0.2500	$0.5635

27. Share-based payments (continued)

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

Grant date	Expiry date	2020 Number	2019 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	-
31/01/2018	12/01/2023	233,463	233,463
31/01/2018	12/01/2023	233,463	-
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	-
08/07/2019	12/01/2023	58,366	58,366
08/07/2019	31/12/2023	58,366	-
24/09/2019	23/09/2022	1,375,000	-
		5,344,936	2,911,571

The weighted average remaining contractual life of options outstanding at 31 December 2020 was 2.31 (31 December 2019: 3.14 years)

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

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/06/2018	01/06/2023	$0.0000	3,000,000	-	-	(455,387)	2,544,613
08/07/2019	01/06/2023	$0.0000	175,097	-	-	-	175,097
24/09/2019	30/06/2023	$0.0000	3,000,000	-	-	-	3,000,000
30/06/2020	01/06/2023	$0.0000	-	1,500,000	-	-	1,500,000
30/06/2020	30/06/2023	$0.0000	-	1,500,000	-	-	1,500,000
			6,175,097	3,000,000	-	(455,387)	8,719,710

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/06/2018	01/06/2023	$0.0000	3,000,000	-	-	-	3,000,000
08/07/2019	01/06/2023	$0.0000	-	175,097	-	-	175,097
24/09/2019	30/06/2023	$0.0000	-	3,000,000	-	-	3,000,000
			3,000,000	3,175,097	-	-	6,175,097

The weighted average remaining contractual life of performance rights outstanding at 31 December 2019 was 2.41 years (31 December 2018: 4.42 years).

27. Share-based payments (continued)

For the performance rights granted during the current were determined using a variation of the binomial option pricing model and Black Scholes option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Estimated share price upon vesting	Probability of achieving vesting condition	Fair value at grant date
30/06/2020	30/06/2023	$0.1500	67.00%	$0.250

(e) Share-based payments expense - equity-settled

	Consolidated 2020	2019
Total expense recognised for the period arising from share-based payment transactions		
Employee incentive plan - options and performance rights expense recognised during vesting period	621,897	787,604

(f) 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.

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.

27. Share-based payments (continued)

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.

28. 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. A non-refundable deposit amounting to CAD175,000 has been paid to the vendor of the Rail Land. As the transaction did not close on 31 October 2019 pursuant to the Original Agreement, the Original Agreement was replaced with a new agreement to extend the offer to purchase the property until 1 July 2020 (the “Replacement Agreement”). In consideration of entering into the Amended Agreement, the Company has provided the vendor with a new refundable deposit amounting to CAD 225,000 that will be forfeited to the vendor in the event that that purchase is not completed.

Subsequent to the year end, 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. The parties agreed to an extension of this agreement under the following terms:

- Extension of agreement to 4 January 2022;
- Total purchase price CAD 3,000,000;
- The Consolidated Entity agreeing to forgo the existing CAD 184,000 deposit on 4 January 2021; and
- The Consolidated Entity agreeing for a new, non-refundable deposit CAD 275,000 on 4 January 2021.

Chinook Properties Purchase
Montem Alberta completed the purchase of the Chinook Properties from PMRU, a subsidiary of Westmoreland Coal Company. Total consideration for the Chinook Properties is 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.

28. Material Contracts (continued)

As described above, the CAD 5,000,000 licensing payment is payable even if no licences are received for the Chinook Properties.

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.

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 2020 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

9 March 2021

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 subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of 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 2020 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.

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.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

CAPITALISATION OF EXPLORATION AND EVALUATION COSTS	
Area of focus **Refer also to notes 2 and 11**	**How our audit addressed it**
The Group has incurred exploration and evaluation costs for exploration projects in Australia over a number of years. There is a risk that the Group may lose or relinquish its rights to explore and evaluate those areas of interest and therefore amounts capitalised to the statement of financial position from the current and historical periods be no longer recoverable. During the year no impairment charge was recognised in relation to exploration expenditure.	Our audit procedures included the following: — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the Group's renewal in that area of interest at its expiry; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying exploration expenditure plan; — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; and — From an overall perspective, comparing the market capitalisation of the Group to the net carrying value of its assets on the statement of financial position to identify any other additional indicators of impairment. We also assessed the adequacy of the Group's disclosures in the financial report.

INITIAL PUBLIC OFFERING	
Area of focus **Refer also to notes 13 and 15**	**How our audit addressed it**
During the year ended 31 December 2020 the Company undertook their Initial Public Offering [IPO] where they raised $8 million through the issue of ordinary shares enabling them to publicly list their shares on the Australian Securities Exchange. This event triggered the conversion of outstanding convertible notes valued at $5.7 million into ordinary shares of the company. Now the Company is a listed public company it necessarily is subject to enhanced disclosure requirements of the Corporations Act 2001 and ASX Listing Rules which require for instance a Remuneration Report in respect of key management personnel and disclosure on operations in the Director's Report.	Our audit procedures included the following: — For new shares issued, cash was vouched to the bank statement, as well as testing costs that were associated with the capital raising and ensuring they were correctly netted against the capital raised. — Reviewed convertible note agreements and that it was transferred with the appropriate number of shares and correct price. — Vouching remuneration of key management personnel to payroll records, bank statements, minutes of Director's Meetings and share based payment information. — Determining whether disclosures made in the Director's Report were accurate and consistent with the financial performance and financial position of the Group as disclosed in the financial statements and notes to the accounts. — Apportionment of costs from IPO between capitalisation for new shares and those expensed through profit and loss for existing shares. — We also assessed the adequacy of the Group's disclosures in the financial report.

EQUITY BASED PAYMENT TRANSACTIONS	
Area of focus **Refer also to notes 5 and 16**	**How our audit addressed it**
The Group 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. For the year ended 31 December 2020, the Group issued share based payments of $928,641 (2019: $787,604).	Our audit procedures included: — A review of the internal control procedures and systems implemented by the Group to account for and issue equity based instruments; — Obtaining formal agreements supporting the transactions; — Sought evidence supporting the achievement of milestones necessary to trigger payment of the equity instruments — Reviewed the significant assumptions and evidence supporting the calculations of the payments for accuracy and appropriateness — Checking disclosures in the financial report for accuracy of measurement and information about the payments.

MANAGEMENT OF AVAILABLE WORKING CAPITAL	
Area of focus **Refer also to note 2**	**How our audit addressed it**
As the Group is in an exploration, evaluation and development stage prior to mining operations and revenue generation, management of working capital to fund operations is a key focus of management and a risk of the business which has been largely managed through capital raisings in the recent IPO of the Group and subsequent, to adequately fund their ongoing activities.	— Examining the latest cashflow forecasts of the Group to determine whether assumptions are supportable and cash funding is sufficient to support the net cash outflows, including committed costs and capital purchases for the period of 12 months from the date of this report. — Enquiry and representations from management and Directors to support the cash flow assumptions of the Group.

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 2020, 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:

http://www.auasb.gov.au/auditors_responsibilities/ar1.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 pages 12 to 21 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Montem Resources Limited, for the year ended 31 December 2020, 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

J. C. Luckins
Director

Melbourne, 9th of March 2021

The shareholder information set out below was applicable as at 1 March 2021.

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	8	2,736	-
above 1,000 up to and including 5,000	62	201,399	0.09%
above 5,000 up to and including 10,000	101	797,001	0.34%
above 10,000 up to and including 100,000	209	9,043,166	3.88%
above 100,000	151	222,976,530	95.69%
	531	233,020,832	

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

	Total holders	Total units	% units
above 10,000 up to and including 100,000	2	100,000	1.58%
above 100,000	11	6,215,133	98.42%
	13	6,315,133	

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

Holding ranges	Total holders	Total units	% units
above 100,000	16	8,719,710	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
Merrill Lynch (Australia) Nominees Pty Limited	29,928,336	12.84
HSBC Custody Nominees (Australia) Limited	21,823,530	9.37
BNP Paribas Noms Pty Ltd (DRP)	7,588,236	3.26
National Nominees Limited	7,544,003	3.24
JLNEC3 Pty Ltd (Tindall Family No 3 A/C)	7,511,604	3.22
Evernal Energy Pte Ltd	7,317,079	3.14
M & A (Cs) Pty Ltd (M & A Cleaning Serv S/F A/C)	7,169,951	3.08
Aliro Olave	6,663,383	2.86
Mark Lochtenberg & Michael Lochtenberg (Rigi Super Fund A/C)	5,982,154	2.57
Mr Robert James Tindall	5,958,334	2.56
Citicorp Nominees Pty Limited	5,732,151	2.46
Merrill Lynch (Australia) Nominees Pty Ltd (Regal Emerg Comp Fund Ii A/C)	5,727,238	2.46
CS Third Nominees Pty Ltd (Hsbc Cust Nomau Ltd 13 A/C)	5,000,000	2.15
Latimore Family Pty Ltd (Latimore Family A/C)	4,666,666	2.00
Cairnglen Investments Pty Ltd	4,312,399	1.85
Brispot Nominees Pty Ltd (House Head Nominee A/C)	4,123,794	1.77
Twynam Investments Pty Ltd	4,000,000	1.72
UBS Nominees Pty Ltd	3,990,000	1.71
Anthony Jackson	3,960,000	1.70
Ilwella Pty Ltd	3,767,490	1.62
	152,766,348	65.58

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Regal Funds Management Pty Ltd	44,527,235	19.11
Ilwella Pty Ltd	21,767,490	9.34
Robert Tindall and Associates	14,436,864	6.20
M&A Cleaning Services Pty Ltd	13,833,334	5.94

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.

Annual general meeting and director nominations closing date

Montem Resources Limited advises that its Annual General Meeting will be held on Friday, 30 April 2021. The details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon dispatch.

The closing date for receipt of nomination for the position of Director is Wednesday, 17 March 2021. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Wednesday, 17 March 2021 at the Company's Registered Office.

The Company notes that the deadline for nominations for the position of director is separate to voting on director elections. Details of the director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

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 (18 months)
- Offer costs (broker fees; IPO preparation)

Tenement List

PART I - Alberta Freehold Tenements

Prospect Area	Land Title Certificate Number	Hectares
TENT MOUNTAIN MINE	181 088 180	8.1
TENT MOUNTAIN MINE	181 088 180 +13	32.6
TENT MOUNTAIN MINE	181 088 180 +14	16.3
TENT MOUNTAIN MINE	181 088 180 +15	32.6
TENT MOUNTAIN MINE	181 088 180 +16	8.1
TENT MOUNTAIN MINE	181 088 180 +17	48.9
TENT MOUNTAIN MINE	181 088 180 +18	8.1
TENT MOUNTAIN MINE	181 088 180 +19	24.3
TENT MOUNTAIN MINE	181 088 180 +20	64.7
TENT MOUNTAIN MINE	181 088 180 +21	16.2
TENT MOUNTAIN MINE	181 090 692	24.3
TENT MOUNTAIN MINE	181 090 692 +1	2.3
TENT MOUNTAIN MINE	181 090 692 +2	8.0
TENT MOUNTAIN MINE	181 090 692 +3	12.2
TENT MOUNTAIN MINE	181 090 692 +4	56.7
TENT MOUNTAIN MINE	181 090 692 +5	16.2
TENT MOUNTAIN MINE	181 090 692 +6	32.6
TENT MOUNTAIN MINE	181 090 692 +7	8.1
TENT MOUNTAIN MINE	181 090 692 +8	64.7
TENT MOUNTAIN MINE	181 090 692 +9	16.3
TENT MOUNTAIN MINE	181 090 692 +10	32.6
TENT MOUNTAIN MINE	181 090 692 +11	8.1
TENT MOUNTAIN MINE	181 090 692 +12	48.9
TENT MOUNTAIN MINE	181 090 692 +13	8.1
CHINOOK PROJECT	181 088 180 +1	36.4
CHINOOK PROJECT	181 088 180 +2	129.5
CHINOOK PROJECT	181 088 180 +3	28.3
CHINOOK PROJECT	181 088 180 +4	12.1
CHINOOK PROJECT	181 088 180 +5	16.2
CHINOOK PROJECT	181 088 180 +6	165.9
CHINOOK PROJECT	181 088 180 +7	131.5
CHINOOK PROJECT	181 088 180 +8	129.5

PART I - Alberta Freehold Tenements (continued)

Prospect Area	Land Title Certificate Number	Hectares
CHINOOK PROJECT	181 088 180 +9	129.5
CHINOOK PROJECT	181 088 180 +10	248.3
CHINOOK PROJECT	181 088 180 +11	259.0
CHINOOK PROJECT	181 088 180 +12	12.1
CHINOOK PROJECT	181 088 180 +22	129.5
CHINOOK PROJECT	181 088 180 +23	129.5
CHINOOK PROJECT	181 088 180 +24	129.5
CHINOOK PROJECT	181 088 180 +25	129.5
CHINOOK PROJECT	181 088 180 +26	52.6
CHINOOK PROJECT	181 088 180 +27	259.0
CHINOOK PROJECT	181 088 180 +28	259.0
CHINOOK PROJECT	181 088 180 +29	259.0
CHINOOK PROJECT	181 088 180 +30	129.5
CHINOOK PROJECT	181 088 180 +31	257.0
CHINOOK PROJECT	181 088 180 +32	129.5
CHINOOK PROJECT	181 088 180 +33	129.5
CHINOOK PROJECT	181 088 180 +34	129.5

PART II - BC Leasehold Tenements

Prospect Area	Document Name	Hectares
TENT MOUNTAIN MINE	Coal Lease 389283	153.0

PART III - Alberta Leasehold Tenements

Prospect Area	Coal Lease No.	Hectares
TENT MOUNTAIN MINE	1305090663	92.6
TENT MOUNTAIN MINE	1305090664	48.0
TENT MOUNTAIN MINE	1305090665	56.6
TENT MOUNTAIN MINE	1305090666	149.2
TENT MOUNTAIN MINE	1305090667	38.5
TENT MOUNTAIN MINE	1305090668	102.2
TENT MOUNTAIN MINE	1305100739	310.5
TENT MOUNTAIN MINE	1306080819	120.0

PART III - Alberta Leasehold Tenements (continued)

Prospect Area	Coal Lease No.	Hectares
TENT MOUNTAIN MINE	1306080820	64.0
TENT MOUNTAIN MINE	1306080821	64.0
TENT MOUNTAIN MINE	1306080822	210.4
CHINOOK PROJECT	1305121390	128.0
CHINOOK PROJECT	1306020552	80.0
CHINOOK PROJECT	1306020553	160.0
CHINOOK PROJECT	1306020554	128.0
CHINOOK PROJECT	1306020555	128.0
CHINOOK PROJECT	1306020556	176.0
CHINOOK PROJECT	1306050823	128.0
CHINOOK PROJECT	1306050824	256.0
CHINOOK PROJECT	1306050826	224.0
CHINOOK PROJECT	1306050827	64.0
CHINOOK PROJECT	1306080813	16.0
CHINOOK PROJECT	1306080814	48.0
CHINOOK PROJECT	1306080815	64.0
CHINOOK PROJECT	1306080816	64.0
CHINOOK PROJECT	1306080817	64.0
CHINOOK PROJECT	1306080818	64.0
CHINOOK PROJECT	1306120432	64.0
CHINOOK PROJECT	1306120433	64.0
CHINOOK PROJECT	1306120434	32.0
CHINOOK PROJECT	1307040479	64.0
CHINOOK PROJECT	1307040480	16.0
CHINOOK PROJECT	1307060454	160.0
CHINOOK PROJECT	1307100753	128.0
CHINOOK PROJECT	1307110904	32.0
CHINOOK PROJECT	1307110905	32.0
CHINOOK PROJECT	1307110906	48.0
CHINOOK PROJECT	1307110907	256.0
CHINOOK PROJECT	1308050910	90.7
CHINOOK PROJECT	1308090609	51.2
CHINOOK PROJECT	1311010588	48.0
CHINOOK PROJECT	1311010589	64.0

PART III - Alberta Leasehold Tenements (continued)

Prospect Area	Coal Lease No.	Hectares
CHINOOK PROJECT	1311010590	64.0
CHINOOK PROJECT	1311080653	128.0
CHINOOK PROJECT	1311080654	32.0
CHINOOK PROJECT	1311080655	64.0
CHINOOK PROJECT	1311120668	112.0
CHINOOK PROJECT	1311120669	65.7
CHINOOK PROJECT	1312040484	64.0
CHINOOK PROJECT	1312100464	880.0
CHINOOK PROJECT	1312100465	384.0
CHINOOK PROJECT	1314030394	48.0
CHINOOK PROJECT	1316020095	96.0
CHINOOK PROJECT	1316020154	144.0
CHINOOK PROJECT	1316050179	128.0
CHINOOK PROJECT	1316120147	32.0
CHINOOK PROJECT	1316120148	128.0
CHINOOK PROJECT	1316120149	128.0
CHINOOK PROJECT	1316120150	64.0
CHINOOK PROJECT	1316120151	192.0
CHINOOK PROJECT	1316120152	64.0
CHINOOK PROJECT	1316120155	128.0
CHINOOK PROJECT	1317080314	128.0
CHINOOK PROJECT	1320050132	140.0
CHINOOK PROJECT	1320120074	288.0
CHINOOK PROJECT	1320120075	64.0
CHINOOK PROJECT	1320120076	224.0
CHINOOK PROJECT	1320120077	84.0
CHINOOK PROJECT	1320120078	128.0
CHINOOK PROJECT	1320120079	192.0
CHINOOK PROJECT	1320120080	96.0
4-STACK / CHINOOK PROJECT (see Note below)	1306050828	128.0
4-STACK / CHINOOK PROJECT (see Note below)	1306050830	256.0
4-STACK	1306050825	128.0
4-STACK	1306050829	256.0
4-STACK	1316120153	64.0
4-STACK	1316120154	69.2
4-STACK	1316120156	128.0
4-STACK	1316120157	128.0
4-STACK	1317090268	128.0
4-STACK	1317090269	352.0
4-STACK	1317090279	351.0
4-STACK	1317090280	150.0
4-STACK	1320120081	110.3

PART III - Alberta Leasehold Tenements (continued)

Prospect Area	Coal Lease No.	Hectares
ISOLA	1307070578	128.0
ISOLA	1307070579	240.0
ISOLA	1307070580	128.0
ISOLA	1319090188	656.0
ISOLA	1319090191	608.0
ISOLA	1319090192	1,024.0
ISOLA	1319090193	893.8
ISOLA	1319090194	796.8
ISOLA	1319090195	357.6
ISOLA	1320120082	122.38
ISOLA	1320120083	352.0
OLDMAN	1317090270	96.0
OLDMAN	1317090271	192.0
OLDMAN	1317090272	192.0
OLDMAN	1317090273	32.0
OLDMAN	1317090274	256.0
OLDMAN	1317090275	256.0

Note

Leases 1306050828 and 1306050830 are located partially within Chinook Project and partially within 4-Stack.
The total area of Lease 1306050828 is approximately 128 hectares with approximately 65 hectares lying within Chinook Project and the remainder in 4-Stack.
The total area of Lease 1306050830 is approximately 256 hectares with approximately 128 hectares lying within Chinook Project and the remainder in 4-Stack.