

Montem

Update

JULY
2023

NEW STRATEGY

Montem launching exciting new energy storage platform, with the TM-PHES as the cornerstone asset.

MONTEM TO RENAME

Planning to re-brand as Evolve Power.

WHAT'S NEXT FOR MONTEM?

An update on what is ahead, and detailing an upcoming Q&A session.

**Tent Mountain
Pumped Hydro
Energy Storage
(TM-PHES)**
Upper Reservoir



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EXECUTING OUR NEW STRATEGY



Dear Shareholders,

I am writing to update you on the exciting opportunities for Montem that have presented themselves in the renewable energy industry. Our assets reside in Alberta which is unique in Canada as the only deregulated electricity market in the country. This paved the way for development of Tent Mountain as a pumped hydro energy storage (PHES) project, and we are now investing in a new segment of the energy storage industry here, in Alberta. The demand for power storage in Alberta is growing and our relationship with Boost Energy Ventures Inc. (Boost) has opened another opportunity that is complementary to the Tent Mountain PHES (TM-PHES). Montem has created a platform

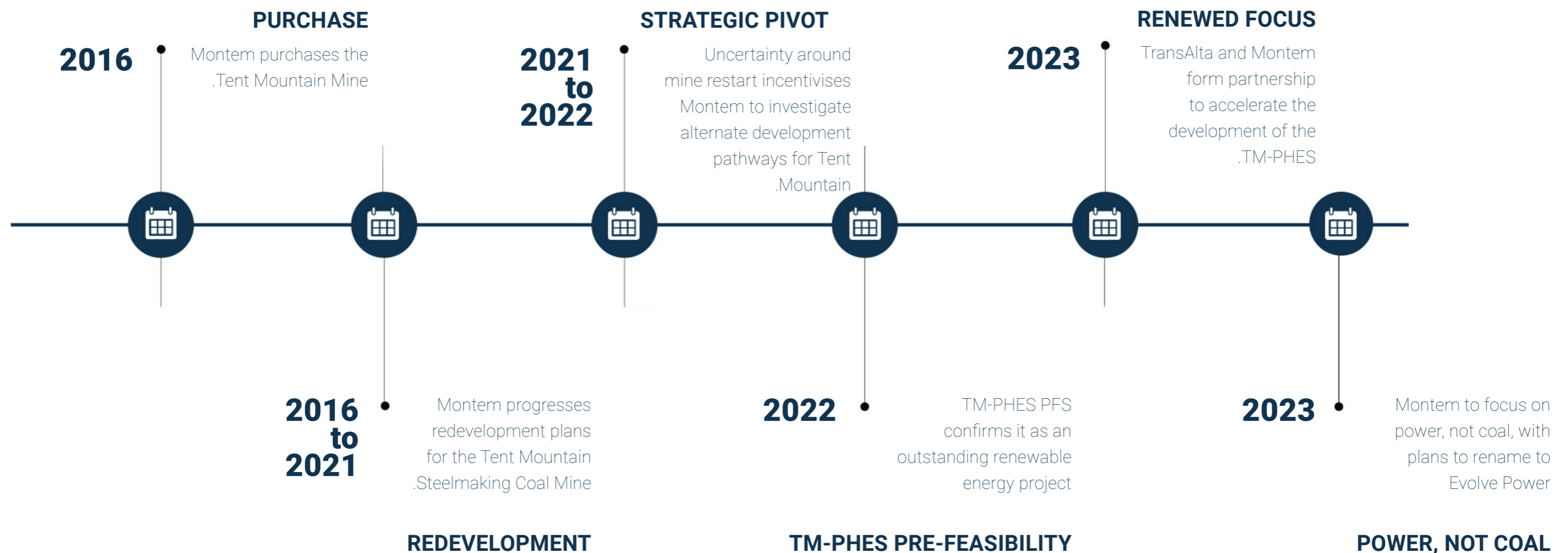
focused on energy storage, upon which we can build a valuable company in the renewable energy industry.

In recognition of that corporate evolution, we are relaunching the company under the new name Evolve Power.

We invite shareholder to our General Meeting on 12 July 2023 at 9am (AEST) to discuss and vote on the name change. Following the meeting, at 9:30am (AEST), CEO Peter Doyle will host a Q&A session. Please register here for the meeting:

https://us06web.zoom.us/webinar/register/WN_aCD9bxdMT6eX_-rhisFD2w

From a Coal Mine to a Pumped Hydro Energy Storage Facility



PUMPED HYDRO ENERGY STORAGE PARTNERSHIP



Montem, with the support of our shareholders, initiated a new corporate strategy in April to redevelop the idled Tent Mountain Mine into a PHES project. This shareholder briefing will update you on its progress. It will also introduce a new opportunity in an emerging Alberta energy storage business that is highly complementary to the TM-PHES.

In July 2022, we announced the results of the PFS for our transformative renewable energy project based at Tent Mountain. The primary element of the TM-REX is a PHES facility designed to convert the historical Tent Mountain Mine into one of Canada’s largest energy storage projects.

Coincident with our PFS being announced, the ASX determined that the Company had undergone a significant change in the nature and scale of its

activities and the trading of its shares was suspended.

Montem submitted a detailed in-principle application for consideration by the ASX in relation to allowing the Company’s shares to recommence trading. Concurrently, Montem also ran a process to sell 50% of the TM-REX, with TransAlta Corporation (TransAlta) emerging as the ideal partner. However, on 17 February 2023 the ASX informed Montem it would not satisfy the listing conditions for relisting if it pursued the sale of 50% of the TM-REX to TransAlta. Given the regulatory uncertainties of permitting the open cut coal mine at Tent Mountain, the TM-REX remained the best value-creation option for Tent Mountain, hence the Company determined that it was in the best interests of the shareholders to proceed with the TransAlta transaction, following which we voluntarily delisted from the ASX. In April 2023, we completed the sale of 50% of the TM-REX to TransAlta and entered the necessary agreements

PUMPED HYDRO ENERGY STORAGE PARTNERSHIP



to form a 50:50 partnership. The partnership with TransAlta is proving valuable, and the project team is undertaking a large geotechnical investigation program to underpin the engineering and design of the PHES.

Through our partnership with TransAlta, we will rapidly progress the TM-PHES, while investigating the commercial viability of an offsite green hydrogen plant powered by offsite wind power. As we meet development milestones, the Company will earn an additional C\$7 million, and once the TM-PHES is operational we will earn a further C\$10 million. These in-flows will offset a significant portion of Montem’s 50% share of the development costs.

“Montem sells 50% of TM-REX to TransAlta”

In April 2023, Montem sold 50% of the TM-REX (which includes the TM-PHES) for up to C\$25 million in upfront and milestone payments.

Initial payment: C\$7.7 million paid 24 April 2023

Milestone: C\$3.5 million due on receiving AUC approval for the TM-PHES

Milestone: C\$3.5 million due on PPA execution for the TM-PHES

Milestone: C\$10 million due on commercial operation of the TM-PHES

With the TransAlta partnership providing a stable foundation for the TM-PHES, Montem has set to work on a new business venture, focused on servicing the energy storage needs of industrial consumers and renewable generators in the Alberta energy market. Success here will broaden our offering to energy market participants, diversifying our risk and future revenue streams, and permanently focus the Company on power and energy storage, not coal.

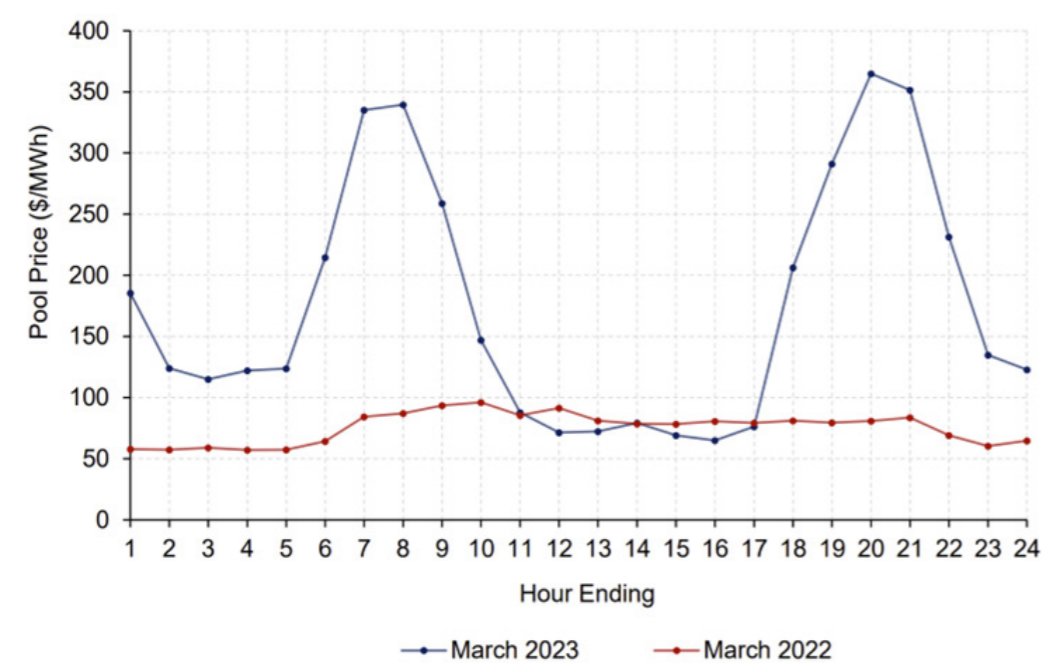
EVOLVE ENERGY STORAGE

ALBERTA ENERGY MARKET



The Alberta electric power market is unique in Canada and has rapidly changing characteristics that are encouraging new energy storage projects. The key unique feature is its energy-only market structure where new entrants build at their own risk. The market clearing price is set every hour by the Alberta Electric System Operator (AESO) and that price is paid to all generators winning bids in that hour. Supply and demand forces within the system can result in significant volatility with pricing per MWh varying from \$0 to \$1,000 under current market limits. This volatility, illustrated in Figure 1, is integral to the financial justification for the TM-PHES and creates the opportunity for other energy storage business opportunities in Alberta.

Figure 1. Alberta's average hourly electricity pool (wholesale) price.



(From the MSA Q1 2023 quarterly report: <https://www.albertamsa.ca/assets/Documents/Q1-2023-Quarterly-Report.pdf>)

EVOLVE ENERGY STORAGE

ALBERTA ENERGY MARKET



The Alberta electricity market is in a transition moving towards more non-dispatchable renewable generation, principally wind and solar, and away from large dispatchable fossil fuel generation. This transition leads inherently to more price volatility from the inability to match demand with actual wind and sunshine availability, thereby placing a premium on energy storage capacity.

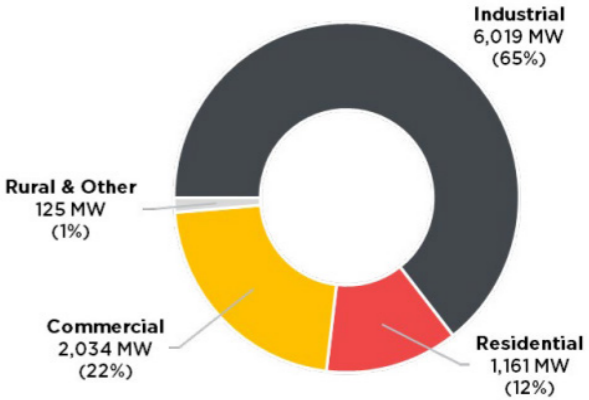
Montem is investing in an innovative emerging business in Alberta, focused on short duration, dispatchable energy storage. This assists Montem to create a broad platform of diverse energy storage products, building on the TM-PHES. Montem is providing seed funding for the new business which focusses on providing “behind the fence” energy storage solutions for energy intensive businesses in Alberta. Analysis shows, given the wide array of potential customers, this business could

replicate multiple times and grow significantly, with significant returns for investors.

How does it work?

Alberta has a relatively high industrial demand, making up 65% of total load in 2019 (see Figure 2). Furthermore, their delivered electricity price has risen rapidly in recent years (see Figure 3).

Figure 2. Alberta's electricity market is dominated by Commercial & Industrial loads.



(From analysis by Boost Energy Ventures Inc. using data from the Alberta Electric System Operator Metered Volumes Report: <http://ets.aeso.ca/>)

EVOLVE ENERGY STORAGE

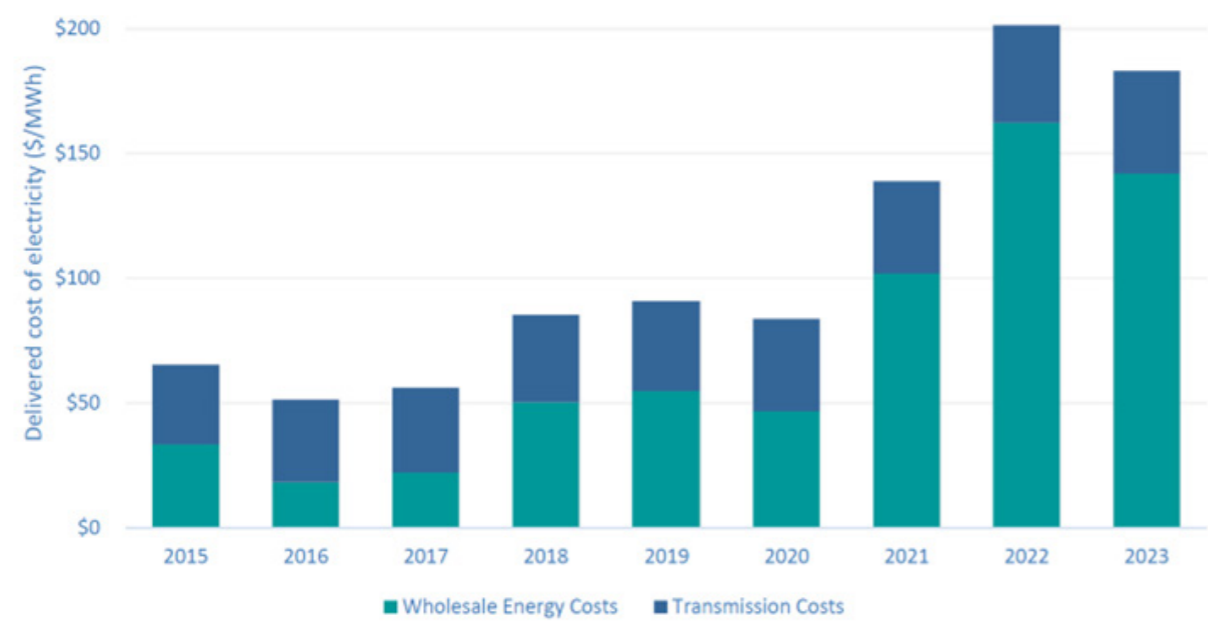
ALBERTA ENERGY MARKET



As Industrial and commercial consumers account for nearly 90% of the market, they have a greater impact on market pricing and earn a higher benefit from finding the means of avoiding pricing peaks. This market characteristic provides the opportunity for medium to large scale batteries to be installed to supply energy

storage for industrial load customers, ideally in the range of 15-25 MW. This capacity to “smooth price volatility” for customers ultimately decreases their overall electricity prices by avoiding price spikes and taking advantage of price troughs, in addition to helping to reduce their tariff costs.

Figure 3. Wholesale electricity prices are rising rapidly



(Wholesale Energy Costs are from the Alberta Electric System Operator Energy Trading System, Historical Reports: Pool Price: <http://ets.aeso.ca/>)

EVOLVE ENERGY STORAGE

ALBERTA ENERGY MARKET



The addressable market in Alberta is significant, and the market signals are present for customer interest:

- Commercial and industrial loads have seen a material and structural jump in their power and wire costs in recent years.
- The hourly nature of the market pricing allows commercial and industrial loads to materially reduce power costs by operating batteries in just a few hours a day.

At the same time, major renewable energy growth in Alberta is posing challenges to the grid – and even to the owners of those renewable facilities – which energy storage is well-suited to help solve. Increasing price volatility, caused by variable wind & solar output, provides opportunity for energy storage. Further opportunity is available from the growing need to provide grid stabilization services, as well as to help renewable facilities mitigate the impact from periods of renewable oversupply or worsening congestion on the

transmission network. These supply-side customers provide a large additional customer segment which can be served by Evolve.

- Investigations indicate there is a wide array of potential customers, and this business could replicate multiple times within the Alberta market, with over 20 potential customers already identified.
- Additional energy storage technologies & business models complement and augment the TM-PHES, and leverage Montem’s expertise and capabilities to capitalize on opportunities emerging through Alberta’s energy transition.
- As a more comprehensive business model aimed squarely at the energy transition in Alberta, the Evolve Energy Storage platform increases the overall attractiveness of Montem’s asset base to a broader range of potential investors.

EVOLVE POWER

EXPANDING THE TEAM



Personnel (L to R): Jesse Solheim and Andrew Keeping (Boost Energy Ventures); Will Bridge, Executive Director Montem Resources

We have been able to augment our team with key personnel to both shift our business and pursue and capture these new opportunities. We have done this by partnering with Boost and by bringing on our Energy Transition Advisor, Will Bridge, as an Executive Board Member and Chief Development Officer. Having Boost and Will Bridge on our team enables us to tap into the power industry in Alberta and to also access future key resources that we may require to be successful.

The opportunity to invest in the energy storage business comes by funding the pilot phase of the business. This is limited to \$150,000. If deemed successful, Montem will provide 100% of the capital for development of the commercial venture, with Boost acting as Lead

Developer. Montem and Boost will form a partnership, with Montem owning 95% of the partnership, and Boost owning 5% of the partnership.

Boost has been advising Montem since our pivot away from coal in 2021 and were instrumental in establishing the economic viability of the TM-PHES. Boost have specialist Alberta electricity market knowledge, and project development capability. They have identified a market segment, and specific customers who are likely to be attracted to our energy storage solution.

EVOLVE POWER

FUTURE FUELS



In partnership with the Piikani Nation, the Montem/TransAlta partnership has the opportunity to develop a hydrogen production facility that could produce the lowest carbon intensity fuel currently proposed in Alberta.

In 2022, Montem completed studies for a low carbon “green” hydrogen production facility in the region. The study identified a viable site with access to water and significant renewable energy generation and adjacent to infrastructure (road, rail and pipelines) to access the emerging H2 market.

Montem signed an agreement with the Piikani Nation in 2022 to partner on the development of green hydrogen projects, facilitate stakeholder buy-in, and to potentially access the water required for the operation of the green hydrogen facility. The identified site benefits from the combined availability of water, renewable power and

flat land. The design of the facility is scalable. An initial 10 MW pilot plant can be readily expanded in 30 MW increments up to 100 MW maximum design capacity.

The team is leveraging the strong alignment between this project and government policies and roadmaps for the development of low carbon fuels. The project could significantly benefit from the proposed ITC rebate (40% rebate on capital) announced by Canada in 2022 and attractive AIOC funding for Indigenous led clean fuel production.

The project has the potential to aid decarbonization of some key energy consumers in the area (e.g. mining, transportation, and logistics) and be an early mover and key part of a hydrogen economy build-out in Canada. The project’s next step is to move beyond concept and toward pre-feasibility studies.

EVOLVE POWER

THE TRANSITION



As Montem completes its transition from coal to power, it is appropriate that we rebrand the Company to focus on the power opportunities that we now have in front of us. The Company has established business in Canada under Evolve Energy Storage and is seeking shareholder approval to change from “Montem Resources Limited”, to “Evolve Power Limited”. A shareholder meeting has been arranged for July 12 2023 at 9am (AEST), to vote for the name change, you should have received a proxy form for this meeting. If you have not received this form, please contact shareholder@montem-resources.com

What does this mean for shareholders?

In the immediate future, very little will change. The business remains headed in Australia, with 100% owned subsidiaries in Canada. As our name changes, your shareholding will not be affected, and will simply transfer across to the newly named entity. Part of the need for a re-branding of the Company is to establish a fresh identity that focusses on our new

business and leaves our old business behind (for more on our coal assets, see page 16 and 17 below). A further need is to create a new identity as we prepare to attract new capital to the power business we own. Whilst our costs for the business are covered for calendar year 2023, there are ongoing costs to develop the TM-PHES, the other elements of the TM-REX, and the new business, Evolve Energy Storage.

As we grow a new, exciting business here at Evolve Power, we expect this growth to facilitate either of the liquidity events listed below, and we are managing the business to maximise the potential for both these events:

1. List on separate exchange

The ASX made it clear they think the state of the business as it was in April 2023 was unsuitable for a listed environment (or at least their exchange). We are working with advisors here in Canada on

EVOLVE POWER

THE TRANSITION



whether our current business is suitable for listing on a North American exchange, and if there is imminent potential to achieve a listing. This work is likely to be completed in the next few months, and if we find a suitable shell to back into, or go through an IPO, this will likely occur late in 2023. If this occurs your shareholding will transfer across to the new company to be listed in North America (likely the TSX-V). We would provide more details on this to shareholders at the time this occurs and will keep shareholders informed of developments along the way.

2. Cornerstone Investor

In parallel with the above, we are seeking a new, cornerstone investor to offer to purchase existing equities from shareholders (who may want immediate liquidity). A new cornerstone investor may also facilitate an IPO, and again the timing is likely late this year. As the Company is re-organising around its power

assets, we recognise this is a potentially frustrating and uncertain situation for shareholders. Montem remains a public company, managed under the Corporations Act. Your shares continue to be registered by Automic, our third-party manager of the shareholder registry, and you can contact them for information on your holdings at hello@automicgroup.com.au.

In the meantime, through this difficult period of limited liquidity, we have established a register of interested buyers/sellers, enabling off market transactions. To assist this process, if you would like to buy or sell shares, please complete the attached form “INTENTION TO BUY/SELL SHARES FORM” and return it to us at shareholder@montem-resources.com. Once received, we will compare the buy/sell interests, and notify shareholders if there is a match.

Once a match occurs, the company will inform both parties. The private off-market transaction(s) will

EVOLVE POWER THE TRANSITION



require shareholders to identify and agree to terms with potential purchasers.

Should terms be agreed upon between two parties, an Off Market Transfer Form will be required to be completed by both the buyer and seller and submitted to our Share Registry at hello@automicgroup.com.au. A processing fee of \$55, paid by the seller, will be payable to Automic who will manage the transfer, including holding the funds in a trust account and processing the payment to the seller once all the required proof of identification has been provided to approve the Off Market Transfer.

We are also regularly updating a table on our website, with basic information on volume and price for buy/sell intentions. This can be found here:

<https://montem-resources.com/shareholder-portal/>

Legacy assets

Montem has moved away from its original aim to develop its steelmaking coal assets in the Crowsnest Pass.

Background

- In 2016 Montem was established in Canada to develop steelmaking coal assets in the Crowsnest Pass.
- After facing significant difficulties caused by rapidly changing regulations, in 2021 the Company began investing in an alternative development pathway for the Tent Mountain assets, completing the PFS for the TM-REX in mid-2022.
- With the sale of 50% of the TM-REX to TransAlta, Montem has permanently abandoned its prior plans to restart the Tent Mountain Mine.
- Additionally, due to a government of Alberta imposed moratorium on coal exploration and development that covers Montem’s other coal assets in the Crowsnest Pass (the Montem Properties), the Company is in the process of exiting its coal business and has ceased all coal development activities.

MONTEM’S LEGACY ASSETS



Government Intervention & Legal Claim

- In 2016 when Montem acquired the Montem Properties, Alberta’s existing policy on coal exploration and development did not prohibit coal exploration and development where the Montem Properties are located.
- In February 2021, Alberta announced an immediate ban on mountain top mining and other measures that could impact the Montem Properties, and in March 2022 Alberta imposed a new, indefinite moratorium on coal exploration and development on lands including the Montem Properties. As a result of this government action, Montem cannot proceed with development of its projects in the Crowsnest Pass, and Alberta has eliminated all reasonable uses of these assets for the purposes of further developing a coal project.
- Montem is a plaintiff against the Government of Alberta seeking to recover damages arising from

the constructive taking of Montem’s freehold mineral rights and coal leases associated with the Montem Properties (“de facto expropriation of coal assets”). Montem also brings claims for damages in private nuisance and unjust enrichment.

- But for the constructive taking by Alberta, the pre-tax net present value of the projects associated with the Montem Properties would have exceeded \$1.76 billion. In addition, to date, Montem has incurred approximately \$15 million to invest in and take steps to explore and develop the Montem Properties.

MONTEM / EVOLVE WHAT'S NEXT?



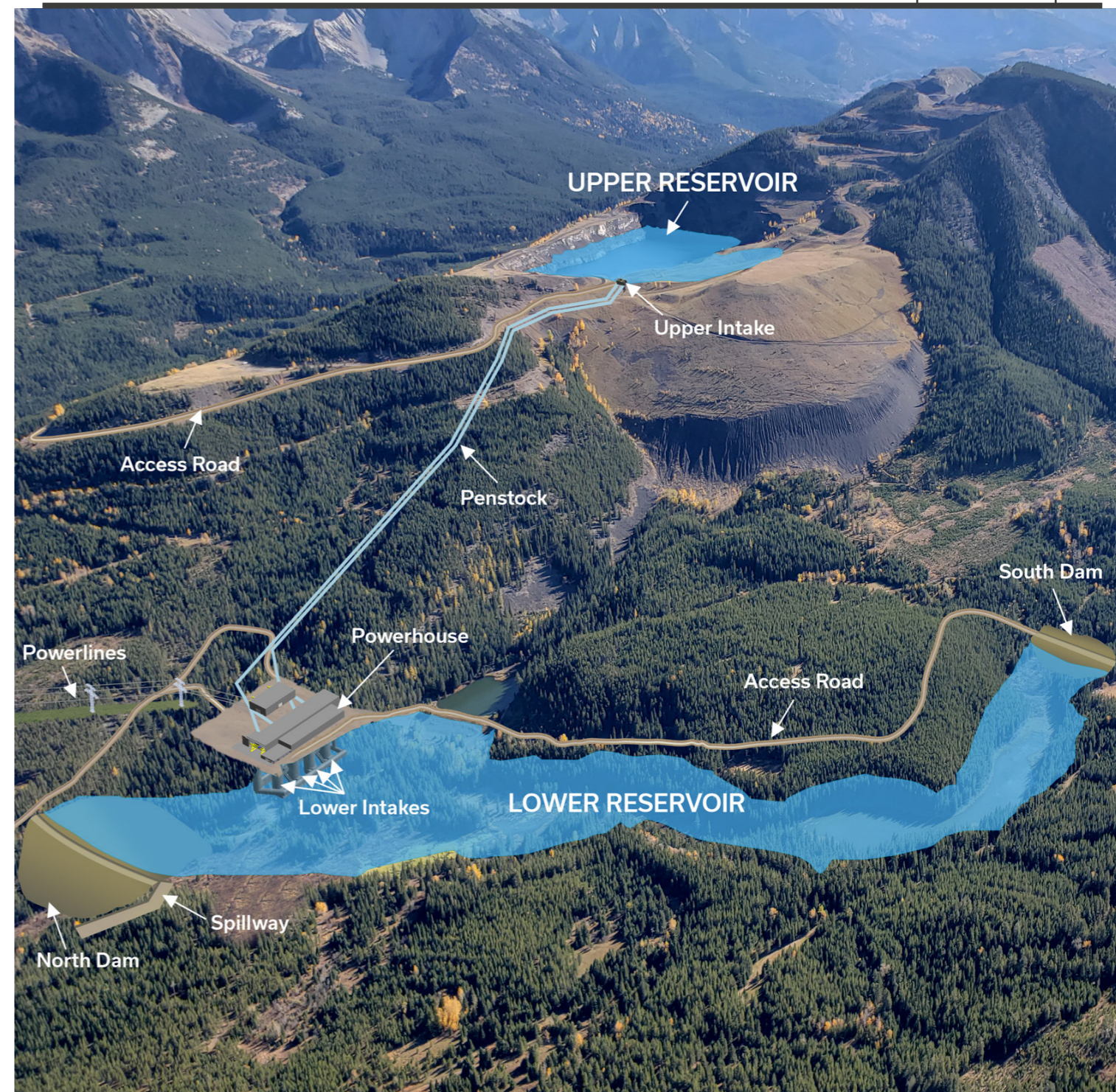
As the Company exits the coal business, certain assets and activities will remain until the exit is complete:

- Remaining freehold coal ownership and crown coal lease agreements in the Crowsnest Pass region of Alberta and BC
- Inactive mine and exploration permits in Alberta and BC including at Tent Mountain (note: Montem provided contractual guarantees to TransAlta that it will not undertake any mining activities within the TM-PHES project area)
- Annual compliance costs relating to inactive coal permits is ~\$250k, ending with completion of permit rescission as part of exiting the coal business.
- No value is attributed to settlement of Montem's claim against the Alberta government however the Company is confident it will well exceed legal costs (subject, of course, to the usual uncertainty inherent in the litigation process).
- At the appropriate time Montem plans to separate its coal holdings from its power business.

Q & A session with the CEO

To help facilitate shareholder knowledge of our changing business, our CEO Peter Doyle will host a briefing and Q&A session after the General Meeting to be held on **12 July 2023, starting at 9:30am (AEST)**.

This will be an online session, and you can register to attend here: https://us06web.zoom.us/webinar/register/WN_aCD9bxdMT6eX_-rhisFD2w



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