Evolve Power Limited (formerly Montem Resources Limited)

ABN 87 623 236 831

Interim Report - 30 June 2023

Directors	Mark Lochtenberg, Chairman and Non-executive Director Peter Doyle, Managing Director Rob Tindall, Non-executive Director Susie Henderson, Non-executive Director William Souter, Non-executive Director William Bridge, Executive Director and Chief Development Officer (Appointed on 12 April 2023)
Company secretary	Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205
Principal place of business	Level 4, 100 Albert Road South Melbourne VIC 3205
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Dentons Australia Pty Ltd 567 Collins Street Melbourne VIC 3000
	McLennan Ross 600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB, Canada T5N 3Y4
Bankers	National Australia Bank 800 Bourke Street Docklands VIC 3008
	Royal Bank of Canada 1025 West Georgia Street Vancouver BC Canada V6Z 1N9
Website	www.montem-resources.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Evolve Power Limited (formerly Montem Resources Limited) (referred to hereafter as the 'Company', 'Evolve Power' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

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

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

Company overview and principal activities

Evolve Power Limited (formerly Montem Resources Limited), in April 2023, transitioned from steelmaking coal to renewable energy development company in the Canadian provinces of Alberta and British Columbia. Evolve Power's corporate strategy is to redevelop the idled Tent Mountain Mine into a pumped hydro energy storage (TM-PHES) project.

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

In April 2023, the Shareholders have approved completion of the sale of 50% of the TM-REX Project to TransAlta Corporation. Subject to the terms of the definitive agreements between the parties, TransAlta will pay C$24.7M for 50% equity interest in the TM-REX based on achieving development and commercial milestones. These cash flows will offset a significant portion of Evolve Power's 50% share of the development costs.

Legacy assets

Due to a government of Alberta imposed moratorium on coal exploration and development that covers Evolve Power's other coal assets in the Crowsnest Pass (Evolve Power Properties), Evolve Power has moved away from its original aim to develop its steelmaking coal assets in the Crowsnest pass. The Consolidated Entity is in the process of exiting its coal business and has ceased all coal development activities. As the Consolidated Entity exits the coal business, certain assets and activities will remain until the exit is complete. This includes freehold land and leases associated with coal tenements.

On 8 February 2023, the Consolidated Entity commenced a claim against the Government of Alberta to recover damages arising from the constructive taking of Evolve Power's freehold mineral rights and coal leases at the Chinook Project and the Greenfield projects (the 4-Stack, Isola, and Oldman projects). The Consolidated Entity also brings claims for damages in private nuisance and unjust enrichment. While the Consolidated Entity commenced the work to quantify the claim, the constructive taking by Alberta, the pretax net present value of the projects associated with the Evolve Power would have exceeded $1.76 billion. In addition, to date, Evolve Power has incurred approximately $15 million to invest in and take steps to explore and develop the Evolve Power Properties. Through the litigation, Evolve Power intends to recover the losses suffered by the Shareholders and the Company.

Significant changes in the state of affairs

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

On 12 January 2023, 2,611,959 Options over ordinary shares were expired as the conditions attached with these securities have not been, or have become incapable of being, satisfied.

PMRU agreement
On 3 February 2023, the Consolidated Entity and Prairie Mines & Royalties ULC (PMRU, a subsidiary of Westmoreland Coal Company) entered an agreement for the requisite release of lien on Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (collectively called the Chinook Properties). Further information on this agreement is summarized in note 9 to the financial statements.

TM-REX Sales
On 14 February 2023, the Consolidated Entity signed an agreement with TransAlta to sell 50% of its TM-REX assets in Alberta, Canada. At the Extraordinary General Meeting held on 12 April 2023, the Shareholders have approved completion of the sale of 50% of the TM-REX Project to TransAlta. Subject to the terms of the definitive agreements between the parties, TransAlta will pay C$24,700,000 on for 50% equity interest in the TM-REX based on achieving following development and commercial milestones:

- C$7,700,000 on completion of the transaction, pursuant to which TransAlta will make its investment in the TM-REX.
- C$3,500,000 on achievement of Alberta Utilities Commission (“AUC”) approval for the TM-PHES;
- C$3,500,000 on execution of a Power Purchase Agreement (“PPA”) for the TM-PHES; and
- C$10,000,000 on achievement of commercial operations for the TM-PHES.

On 24 April 2023, the Consolidated Entity completed the transaction and received the C$7,700,000 from TransAlta as per the binding agreement.

Delisting from Australian Securities Exchange (ASX)
On 17 February 2023, the ASX has provided in-principle advice to the Company that it will not satisfy Listing Rule 1.1 condition 1, or that ASX would otherwise exercise its discretion under Listing Rule 1.19 to refuse the Company’s application for re-admission to the official list, if the Company pursues the transaction with TransAlta and seeks to re-comply with Chapters 1 and 2 of the Listing Rules.

On 12 April 2023, Shareholders approved, as a special resolution, the removal of the Company from the official list of the ASX (Official List) pursuant to ASX Listing Rule 17.11 (Delisting). Pursuant to this approval, the Company's shares were delisted from the ASX official list on 26 April 2023. Following the completion of the Delisting the Company’s shares are no longer quoted on the ASX.

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

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

Review of operations
The profit for the Consolidated Entity after providing for income tax amounted to $9,984,328 (30 June 2022: loss of $2,554,899).

The Consolidated Entity incurred operating cash outflows of $3,791,574 (30 June 2021: $2,050,298).

As at 30 June 2023, the cash balance was $2,420,278 (31 December 2022: $363,696) and net working capital surplus was $1,993,145 (31 December 2022: Deficit of $546,101).

Refer "Company overview and principal activities" and "Significant changes" in the state of affairs for further information on strategic and operational developments during the period.

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

Matters subsequent to the end of the financial half-year
No matter or circumstance has arisen since 30 June 2023 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.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

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

On behalf of the Directors

Mark Lochtenberg
Chairman

15 September 2023

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

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2023 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

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

N. S. Benbow
Director
Melbourne, 15 September 2023

Evolve Power Limited (formerly Montem Resources Limited)
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Other income			
Other income	4	13,764,569	-
Expenses			
TM-REX project pre-feasibility and sale expenses		(2,242,744)	(1,564,412)
Exploration tenement management expenses		(620,637)	-
Corporate expenses		(138,389)	(297,304)
Employee benefits expense		(361,008)	(387,204)
Professional fees		(315,054)	(200,695)
Financing costs		(64,777)	(3,222)
Marketing and business development		(34,926)	(80,523)
Depreciation expense		(2,706)	(21,539)
Profit/(loss) before income tax expense		9,984,328	(2,554,899)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Evolve Power Limited (formerly Montem Resources Limited)		9,984,328	(2,554,899)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		133,065	925,685
Other comprehensive income for the half-year, net of tax		133,065	925,685
Total comprehensive income/(loss) for the half-year attributable to the owners of Evolve Power Limited (formerly Montem Resources Limited)		10,117,393	(1,629,214)
		Cents	**Cents**
Basic earnings per share	15	3.0430	(0.8773)
Diluted earnings per share	15	3.0430	(0.8773)

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

Evolve Power Limited (formerly Montem Resources Limited)
Statement of financial position
As at 30 June 2023

evolve

	Note	Consolidated 30 June 2023 $	Consolidated 31 December 2022 $
Assets			
Current assets			
Cash and cash equivalents		2,420,278	363,696
Trade and other receivables		160,855	90,870
Deposits and advances		8,854	8,576
Prepaid expenses		53,071	-
Total current assets		2,643,058	463,142
Non-current assets			
Investment in joint venture accounted for using the equity method	5	8,518,013	-
Property, plant and equipment	6	1,478,382	193,191
Right-of-use assets		40,979	60,416
Exploration and evaluation	7	2,937,048	2,844,746
Deposits for mining and exploration tenements		278,134	201,950
Total non-current assets		13,252,556	3,300,303
Total assets		15,895,614	3,763,445
Liabilities			
Current liabilities			
Trade and other payables		470,784	473,063
Borrowings	8	44,909	344,401
Lease liabilities		29,282	30,636
Employee benefits		104,938	161,143
Total current liabilities		649,913	1,009,243
Non-current liabilities			
Other financial liabilities	9	1,860,680	-
Lease liabilities		2,644	21,492
Total non-current liabilities		1,863,324	21,492
Total liabilities		2,513,237	1,030,735
Net assets		13,382,377	2,732,710
Equity			
Issued capital	10	46,871,071	46,338,797
Reserves		1,512,395	2,294,337
Accumulated losses		(35,001,089)	(45,900,424)
Total equity		13,382,377	2,732,710

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

Evolve Power Limited (formerly Montem Resources Limited)
Statement of changes in equity
For the half-year ended 30 June 2023

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

Consolidated	Issued capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2023	46,338,797	742,414	1,551,923	(45,900,424)	2,732,710
Profit after income tax expense for the half-year	-	-	-	9,984,328	9,984,328
Other comprehensive income for the half-year, net of tax	-	133,065	-	-	133,065
Total comprehensive income for the half-year	-	133,065	-	9,984,328	10,117,393
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 10)	532,274	-	-	-	532,274
Expiry of share options	-	-	(915,007)	915,007	-
Balance at 30 June 2023	46,871,071	875,479	636,916	(35,001,089)	13,382,377

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

Evolve Power Limited (formerly Montem Resources Limited)
Statement of cash flows
For the half-year ended 30 June 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Cash flows from operating activities			
Payments for sale and consulting work TM-REX		(2,334,033)	(933,450)
Payments for exploration and evaluation		(527,387)	-
Payments to suppliers and employees		(932,599)	(1,115,645)
Interest received		3,982	-
Interest and other finance costs paid		(1,537)	(1,203)
Net cash used in operating activities		(3,791,574)	(2,050,298)
Cash flows from investing activities			
Payments for exploration and evaluation		-	(559,155)
Payments to PMRU for land acquisition	9	(2,806,782)	-
Proceeds from sale of TM-REX project assets	4	8,518,013	-
Proceeds from release of security deposits		(65,679)	-
Net cash from/(used in) investing activities		5,645,552	(559,155)
Cash flows from financing activities			
Proceeds from issue of shares		20,000	150,000
Proceeds from related party borrowings	8	200,000	-
Repayment of lease liabilities		(20,202)	(49,653)
Net cash from financing activities		199,798	100,347
Net increase/(decrease) in cash and cash equivalents		2,053,776	(2,509,106)
Cash and cash equivalents at the beginning of the financial half-year		363,696	3,803,727
Effects of exchange rate changes on cash and cash equivalents		2,806	20,454
Cash and cash equivalents at the end of the financial half-year		2,420,278	1,315,075

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

Note 1. General information

The financial statements cover Evolve Power Limited (formerly Montem Resources Limited) as a consolidated entity consisting of Evolve Power Limited (the Company) and the entities it controlled (the Consolidated Entity) at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Evolve Power 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 15 September 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general-purpose financial statements for the interim half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022.

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

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Accounting Standards and Interpretations, which are not yet effective, are not expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions. However, management will continue to assess this closer to the application date of each standard.

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 profit after tax of $9,984,328 during the half-year ended 30 June 2023 and had net operating cash outflows of $3,791,574. As at 30 June 2023, the cash balance was $2,420,278 and net working capital surplus was $1,993,145.

On 14 February 2023, the Consolidated Entity signed a binding agreement with TransAlta for the sale of TM-REX project, which was completed on 24 April 2024. At the completion of the transaction, the Consolidated Entity entered into a joint venture agreement with TransAlta for the development of TM-REX project. The TM-REX project is expected to be developed over the next 4 years and subject to regulatory, commercial, and engineering considerations, could be ready for construction as early as 2026, with a target commercial operation date between 2028 to 2030.

The Consolidated Entity is required to fund the development costs of TM-REX project in line with its equity interest in the joint venture. Under the joint venture agreement, project funding will be managed through a Project Budget, which has to be agreed by the Consolidated Entity and TransAlta. At the date of this report, the Project Budget for current operating period is yet to be formalized and as such the Consolidated Entity had no agreed commitments associated with the joint venture funding at the reporting date.

Cash flow forecasts prepared by management includes additional capital required to meet commitments from existing business operations for at least a period of twelve months from the signing of the financial statements.

Note 2. Material accounting policy information (continued)

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above operating results and funding requirements, the financial statements have been prepared on the basis that the Consolidated Entity is a going concern, which contemplates normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

The claim against the Government of Alberta
On 8 February 2023, the Consolidated Entity commenced a claim against the Government of Alberta to recover damages arising from the constructive taking of the Consolidated Entity's freehold mineral rights and coal leases at the Chinook Project and the Greenfield projects (the 4-Stack, Isola, and Oldman projects). The Consolidated Entity also brings claims for damages in private nuisance and unjust enrichment. While the Consolidated Entity commenced the work to quantify the claim, the constructive taking by Alberta, the pretax net present value of the projects associated with the Evolve Power would have exceeded $1.76 billion. In addition, to date, Evolve Power has incurred approximately $15 million to invest in and take steps to explore and develop the Evolve Power Properties. Through the litigation, Evolve Power intends to recover the losses suffered by the Shareholders and the Company.

Other funding alternatives
The Consolidated Entity is still in the early development phase of activities, and it has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. In considering the ability of the Consolidated Entity to continue as a going concern the Directors considered the following matters:

- Raising additional capital through the Company's existing placement capacity;
- 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 coal asset portfolio, enter into joint venture arrangements for coal asset portfolio;
- Subject to negotiation and approval, vary the TM-REX project capital contributions; and
- Dispose the Consolidated Entity's full or part interest in the joint venture

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 period and funding requirements, the Consolidated Entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Note 3. Critical accounting judgements, estimates and assumptions

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

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.

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

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

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

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

The Consolidated Entity currently does not have some key approvals necessary to undertake and establish mining at its other projects but in the process of obtaining such approvals. Obtaining necessary regulatory and environmental approvals may be delayed, more expensive than expected or not obtained at all. Failure to obtain, or delays in obtaining and maintaining approvals, mining permits, licences and easements required to develop and operate the Projects may materially adversely affect the Consolidated Entity's activities, recoverable values of the capitalised exploration costs and future profitability. Refer to note 7 for further information on the impairment of assets.

Note 4. Other income

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Gain on sale of TM-REX project	13,760,587	-
Interest income	3,982	-
Other income	13,764,569	-

On 14 February 2023, the Consolidated Entity signed a binding agreement with TransAlta to sell 50% of its TM-REX assets in Alberta, Canada. The sale includes rights to the Tent Mountain land, fixed assets and intellectual property associated with the TM-PHES, offsite green hydrogen electrolyser and offsite wind farm.

Subject to the terms of the definitive agreements between the parties, TransAlta will pay C$24,700,000 for 50% equity interest in the TM-REX based on achieving following development and commercial milestones:

- C$7,700,000 on completion of the transaction, pursuant to which TransAlta will make its investment in the TM-REX.
- C$3,500,000 on achievement of Alberta Utilities Commission ("AUC") approval for the TM-PHES;
- C$3,500,000 on execution of a Power Purchase Agreement ("PPA") for the TM-PHES; and
- C$10,000,000 on achievement of commercial operations for the TM-PHES.

On 12 April 2023, the Company's Shareholders have approved transaction and on 24 April 2023, the Consolidated Entity completed the transaction and received $8,518,013 (C$7,700,000) from TransAlta as per the binding agreement. Gain on the sale is calculated as follows:

Note 4. Other income (continued)

	Consolidated	
	30 June 2023 $	30 June 2022 $
Fair value of assets at initial recognition[(a)]	8,518,014	-
Cash consideration received [(b)]	8,518,013	-
Value of Tent Mountain land disposed (note 6)	(3,152,771)	-
Net book value of other plant and equipment disposed	(122,669)	-
	13,760,587	-

(a) Fair value of assets at initial recognition was $17,036,027 (C$15,400,000), of which the Consolidated Entity's share was $8,518,014 (C$7,700,000) or 50% in line with the interest in the join venture.
(b) At the completion of TM-REX transaction, the Consolidated Entity received $8,518,013 (C$7,700,000) before transaction costs to acquire 50% investment in the TM-REX.

Note 5. Investment in joint venture accounted for using the equity method

On 14 February 2023, the Consolidated Entity signed a binding agreement with TransAlta for the sale of TM-REX project, which was completed on 24 April 2024. At the completion of the transaction, the Consolidated Entity entered into a joint venture agreement with TransAlta for the development of TM-REX project. The TM-REX project is expected to be developed over the next 4 years and subject to regulatory, commercial, and engineering considerations, could be ready for construction as early as 2026, with a target commercial operation date between 2028 to 2030.

The Consolidated Entity is required to fund the development costs of TM-REX project in line with its equity interest in the joint venture. Under the joint venture agreement, project funding will be managed through a Project Budget, which has to be agreed by the Consolidated Entity and TransAlta. At the date of this report, the Project Budget for current operating period is yet to be formalized and as such the Consolidated Entity had no agreed commitments associated with the joint venture funding at the reporting date.

Information relating to joint ventures that are material to the Consolidated Entity are set out below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2023 %	31 December 2022 %
Tent Mountain Pumped Hydro GP Ltd	Canada	50.000%	-
Tent Mountain Pumped Hydro Limited Partnership	Canada	50.000%	-

Interests in joint ventures are accounted for using the equity method of accounting and the Consolidated Entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as

	Consolidated	
	30 June 2023 $	31 December 2022 $
Opening balance	-	-
Investment during the period recognised at fair value	8,518,013	-
Share of profit / (losses) during the period	-	-
Closing balance	8,518,013	-

Note 5. Investment in joint venture accounted for using the equity method (continued)

Accounting policy for joint arrangements
Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Consolidated Entity has interest in a joint venture, which is accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Consolidated Entity’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Consolidated Entity’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Consolidated Entity’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Consolidated Entity and joint ventures are eliminated to the extent of the Consolidated Entity’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the Consolidated Entity's accounting policies.

Note 6. Non-current assets - property, plant and equipment

	Consolidated	
	30 June 2023 $	31 December 2022 $
Land - at cost	1,415,903	-
Computer equipment - at cost	47,773	46,270
Computer hardware Less: Accumulated depreciation	(23,052)	(19,667)
	24,721	26,603
Roads and bridges - cost	-	162,584
Less: Accumulated depreciation	-	(36,581)
	-	126,003
Furniture and fixtures - cost	66,290	64,207
Less: Accumulated depreciation	(28,532)	(23,622)
	37,758	40,585
	1,478,382	193,191

Note 6. Non-current assets - property, plant and equipment (continued)

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

Consolidated	Land $	Computer equipment $	Roads and bridges $	Furniture and fixtures $	Total $
Balance at 1 January 2023	-	26,603	126,003	40,585	193,191
Additions (note 9)	4,615,634	-	-	-	4,615,634
Disposals	(3,152,771)	-	(122,669)	-	(3,275,440)
Exchange differences	(46,960)	824	2,179	1,255	(42,702)
Depreciation expense	-	(2,706)	(5,513)	(4,082)	(12,301)
Balance at 30 June 2023	1,415,903	24,721	-	37,758	1,478,382

On 3 February 2023, the Consolidated Entity, through its subsidiaries acquired the Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (collectively called the Chinook Properties) from Prairie Mines & Royalties ULC (PMRU), a subsidiary of Westmoreland coal company, pursuant to the Purchase Agreement (PMRU Purchase Agreement) for a total purchase consideration of $4,615,634.

During April 2024, the Consolidated Entity sold Tent Mountain land access rights, roads and bridges in the land and the intellectual property associated with the TM-PHES to the joint venture for the development of TM-REX project. The Consolidated Entity received cash consideration of $8,518,013 (C$ 7,700,000), which included fair value for Tent Mountain land access right $3,152,771 (C$2,850,000). The joint venture has an option to acquire Freehold Surface Interest of the Tent Mountain land title for a nominal value of C$ 1 ("Land Purchase Option"). The Consolidated Entity concluded that it is reasonably certain that the joint venture will exercise the Land Purchase Option, hence Tent Mountain land was deemed disposed during the period.

Note 7. Non-current assets - exploration and evaluation

	Consolidated 30 June 2023 $	Consolidated 31 December 2022 $
Exploration and evaluation Chinook - at cost	2,937,048	2,844,746

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

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

	Chinook $	Tent Mountain $	Total $
Balance at 1 January 2022	2,793,074	10,887,030	13,680,104
Expenditure during the year	48,938	978,855	1,027,793
Exchange differences	2,734	20,850	23,584
Impairment of assets	-	(11,886,735)	(11,886,735)
Balance at 31 December 2022	2,844,746	-	2,844,746

Note 7. Non-current assets - exploration and evaluation (continued)

	Chinook $	Tent Mountain $	Total $
Balance at 1 January 2023	2,844,746	-	2,844,746
Exchange differences	92,302	-	92,302
Balance at 30 June 2023	2,937,048	-	2,937,048

Following the completion of the TransAlta transaction, the Consolidated Entity will pursue the TM-PHES and as a result the recommencement of open pit mining at Tent Mountain will not be possible. The development of the TM-PHES will result in the permanent sterilization of the Coal Reserves and Coal Resources at Tent Mountain, and the coal mine will be decommissioned. Thus, the Tent Mountain project was fully impaired at 31 December 2022.

The Company will however still hold the Chinook Project and Greenfield Projects. Due to the prevailing uncertainties associated with the Government of Alberta's 1976 Coal Development Policy and the moratorium on exploration and development activities, the Consolidated Entity is awaiting the release of the Government's updated policies and plans before conducting further exploration and development activities at its other Alberta coal projects, including the Chinook Project. Therefore, management concluded that it is appropriate to wait and continue to assess the situation around the permitting approvals on Chinook Project.

At 30 June 2023, the Consolidated Entity reviewed the indicators of impairment and concluded no further impairment charges required. The Board and Management will continue to assess the situation around the permitting approvals.

Note 8. Current liabilities - borrowings

	Consolidated 30 June 2023 $	31 December 2022 $
Loan from related party	-	300,904
Other borrowings	44,909	43,497
	44,909	344,401

Loan from related party comprise of short-term loan received by the Company on 15 December 2022 from Rigi Investments Pty Ltd, a company associated with Mr Mark Lochtenberg, Chairman and Non-executive Director. The Company entered into an unsecured loan agreement with Rigi Investments Pty Ltd for a total of $500,000 with a fixed interest rate of 10% per annum to fund short-term working capital requirements. Subject to Shareholder approval, the Company has converted the loan to Shares during April 2023. Loan values at the beginning and end of the current financial half-year are set out below:

	Consolidated 30 June 2023 $	31 December 2022 $
Opening balance	300,904	-
Received during the period	200,000	300,000
Interest accrued	11,370	904
Conversion to Share capital	(512,274)	-
Closing balance	-	300,904

Note 8. Current liabilities - borrowings (continued)

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

Note 9. Non-current liabilities - Other financial liabilities

	Consolidated	
	30 June 2023 $	31 December 2022 $
Payables to Prairie Mines & Royalties ULC (PMRU)	1,860,680	-

On 3 February 2023, the Consolidated Entity, through its subsidiaries acquired Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (collectively called the Chinook Properties) from Prairie Mines & Royalties ULC (PMRU), a subsidiary of Westmoreland Coal Company, pursuant to the Purchase Agreement (PMRU Purchase Agreement). Total purchase consideration payable was C$5,000,000, of which CAD$ 2,500,000 (Trench 1) was paid during April 2023. Additional C$2,500,000 (Trench 2) will be payable as follows:

- C$750,000 on the earlier of that date which is one (1) month from the date that the TM-REX commences Commercial Operations (the “COD Date”) and 1 January 2028;
- C$750,000 on the earlier of that date which is one (1) year from the COD Date and 1 January 2029; and
- C$1,000,000 on the earlier of that date which is two (2) years from the COD Date and 1 January 2030.

The Consolidated Entity has recognised the Payables to PMRU initially at fair value of $4,615,634 (C$4,111,145) net of the cash payment of $2,806,781 (C$2,500,000) made during April 2023. Payables to PMRU subsequently carried at amortised cost using an effective interest method. The Consolidated Entity used pre-tax interest rate of 7.5%, that reflect current market assessments of the time value of money and the risks specific to the liability.

	Consolidated	
	30 June 2023 $	31 December 2022 $
Opening balance	-	-
Liability assumed at the acquisition of Chinook Properties	4,615,634	-
Payments during the period	(2,806,781)	-
Interest accrued during the period	51,827	-
	1,860,680	-

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs, including credit risk and interest rates.

Note 10. Equity - issued capital

	Consolidated			
	30 June 2023 Shares	31 December 2022 Shares	30 June 2023 $	31 December 2022 $
Ordinary shares - fully paid	335,636,588	322,329,739	46,871,071	46,338,797

Note 10. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2023	322,329,739		46,338,797
Shares issued under entitlement offer	12 January 2023	500,000	$0.0400	20,000
Share issued on settlement of liabilities	17 April 2023	12,806,849	$0.0400	512,274
Balance	30 June 2023	335,636,588		46,871,071

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

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

Note 11. Equity - dividends

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

Note 12. Contingent liabilities

The Consolidated Entity provided reclamation deposits of C$209,671 for the Tent Mountain and Chinook exploration projects. The Consolidated Entity will forgo this deposit if conditions of return are not met.

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

Note 13. Commitments

Chinook Properties Purchase
On 21 September 2016, the Consolidated Entity, through its subsidiaries acquired its Projects being the Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (collectively called the Chinook Properties). The purchase was made through an Assignment Deed with a director related party, GTG a company controlled by Mr Rob Tindall (Non-executive Director), who had previously purchased the Chinook Properties from Prairie Mines & Royalties ULC (PMRU), a subsidiary of Westmoreland Coal Company (Original Purchase Agreement). Under the Assignment Deed, the title of the Chinook Properties was transferred from GTG to the Consolidated Entity. Under this Original Purchase Agreement, the Chinook Properties were acquired for CAD 12,000,000, of which CAD 1,000,000 was paid in September 2016. Upon satisfaction of certain condition precedents, the remaining CAD 11,000,000 was payable in two tranches of CAD 5,000,000 and CAD 6,000,000.

On 3 February 2023, the Consolidated Entity and PMRU entered an agreement for the requisite release of lien over the Tent Mountain Mine & freehold land, Chinook Project Assets & rights, and Greenfield Projects (New Purchase Agreement). This agreement replaces the Original Purchase Agreement entered between the Consolidated Entity and PMRU in 2017 for total purchase consideration of CAD 5,000,000. Further information on the New Purchase Agreement is provided in note 9 to the financial statements.

The Consolidated Entity had no capital commitments for property, plant and equipment at 30 June 2023 and 30 June 2022.

Commitments associated with the Consolidated Entity's interests in joint ventures are provided in note 5 to the financial statements.

Note 14. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 15. Earnings per share

	Consolidated	
	30 June 2023 $	30 June 2022 $
Profit/(loss) after income tax attributable to the owners of Evolve Power Limited (formerly Montem Resources Limited)	9,984,328	(2,554,899)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	328,106,058	291,235,421
Weighted average number of ordinary shares used in calculating diluted earnings per share	328,106,058	291,235,421
	Cents	Cents
Basic earnings per share	3.0430	(0.8773)
Diluted earnings per share	3.0430	(0.8773)

Diluted earnings per share

Share options 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 are deemed non-dilutive as the Company's share price was less than the exercise price of the Options (i.e Out of the Money).

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

____
Mark Lochtenberg
Chairman

15 September 2023

William Buck
ACCOUNTANTS & ADVISORS

Evolve Power Limited (formerly Montem Resources Limited)
Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Evolve Power Limited (formerly Montem Resources Limited) (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (together, the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Evolve Power Limited is not in accordance with the *Corporations Act 2001* including:

a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and

b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the half-year financial report, which indicates that the consolidated entity incurred net cash outflows from operations of $3,791,574 for the half year ended 30 June 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

William Buck
ACCOUNTANTS & ADVISORS

Responsibility of Management for the Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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

N. S. Benbow
Director
Melbourne, 15 September 2023