



Montem Resources

Montem Resources Limited

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ASX Announcement

9 March 2023

Montem announces voluntary delisting

SUMMARY

- Montem has submitted a formal request to the ASX to be removed from the official list of the ASX (**Official List**) pursuant to ASX Listing Rule 17.11 (**Delisting**).
- Montem's request to voluntarily delist from the Official List is subject to the satisfaction by Montem of a number of conditions imposed by the ASX.
- Montem's decision to pursue the Delisting is primarily a result of Montem's decision to progress with the sale of 50% of the TM-REX Project to TransAlta Corporation (**Proposed Transaction**) as announced on 22 February 2023.
- The Delisting would mean Montem's shares will no longer be quoted on the ASX.
- In order to proceed with the Delisting shareholder approval by way of special resolution must be obtained at a general meeting which is to be held on 12 April 2023 (**General Meeting**). If approved by shareholders, the Delisting will only proceed if shareholder approval is also given at the General Meeting for the Proposed Transaction.

Montem Resources Limited (ASX: MR1) ("Montem" or the "Company"), has submitted a formal request to the Australian Securities Exchange (ASX) to be removed from the Official List pursuant to ASX Listing Rule 17.11. This formal request follows the receipt of in-principle approval from ASX in relation to the proposed Delisting, subject to the satisfaction of the conditions set out below. The Delisting would mean that the Company's shares would no longer be quoted on the ASX. The Delisting will be put forward for shareholder approval at the General Meeting and its implementation is also subject to obtaining shareholder approval in relation to the Proposed Transaction as will be further described in the notice of meeting for the General Meeting.

The Delisting is considered by the Company's Board (Board) to be in the best interests of the Company to enable the Company to pursue the proposed sale of 50% of the Tent Mountain Renewable Energy Complex ("TM-REX") project to TransAlta TMPH LP, a wholly-owned subsidiary of TSX-listed TransAlta Corporation ("TransAlta"). The Board has determined that the advantages of pursuing the Proposed Transaction, in addition to the other reasons outlined below, outweigh the benefits associated with remaining listed.



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Reasons for seeking Delisting from the Official List

The Company is seeking removal from the Official List as the Board believes that the Company and its shareholders for the following reasons:

- **Proposed Transaction and in-principle advice from the ASX:** On 26 July 2022, ASX suspended the securities of Montem from official quotation due to the release of the Preliminary Feasibility Study (“PFS”) results for the TM-REX project, determining the Company had undergone a significant change in the nature and scale of its activities by releasing the PFS results. In the second half of 2022 Montem undertook a sales process to establish a strategic partnership with a suitably qualified Canadian power company to progress TM-REX. Subsequently, on 15 February 2023, Montem entered into a binding agreement with TransAlta for the sale of 50% of TM-REX for up to A\$26.7 million. The ASX then advised the securities of Montem would remain suspended until Montem determines not to proceed with the Proposed Transaction, or it re-complies with Chapters 1 and 2 of the ASX Listing Rules. Montem submitted a detailed in-principle application for consideration by ASX in relation to its eligibility for recompliance with Chapters 1 and 2 of the ASX Listing Rules and to allow the Company’s shares to recommence trading. However, on 17 February 2023 the ASX informed Montem it will not satisfy the listing conditions for relisting under Chapters 1 and 2 if it pursues the Proposed Transaction. The Company has determined that it is in the best interests of the shareholders to proceed with the Proposed Transaction and therefore, based on the advice of the ASX, it is unlikely the Company will be eligible for the re-compliance listing and hence the ASX has advised the Company should seek to voluntarily delist.
- **Proposed Transaction in the Company’s best interests:** The Company believes that the Proposed Transaction is in the best interest of the Company taking into account a number of factors, including there are no alternative superior opportunities currently available to the Company, and remaining in suspension is not an available option. The Proposed Transaction provides immediate, sustainable cash flows for the Company, allowing the Company to utilise its existing assets in the best possible way having regard to the change in regulatory policy in Alberta, Canada where the Company’s projects are located and provides shareholders with potential exposure to the growing and important renewable energy sector in Canada.
- **Share price:** Further, the Company believes that the trading value on the ASX prior to the suspension represented a share price materially lower than the valuations of unlisted companies in comparable situations and the same stage as the TM-REX project, including now having regard to the Proposed Transaction, and the Company believes that the valuation can better grow to fair value as an unlisted company (rather than a suspended entity).
- **Potential to relist on another stock market:** Once the Company has further developed the TM-REX opportunity with TransAlta it will assess opportunities for a listing on an appropriate securities exchanges, including in North America, to allow liquidity for the shareholders securities.



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Consequences for the Company and its shareholders

Some of the key consequences for the Company and its shareholders if the Company is removed from the Official List include:

- the Company's shares will no longer be quoted on the ASX and will no longer be traded on the ASX;
- the Company's shares will only be capable of sale via off-market private transactions which will require the Company's shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's Constitution and the *Corporations Act 2001 (Cth)* (**Corporations Act**);
- as an unlisted public company, the Company will no longer be able to raise capital from the issue of securities to the public by means of limited disclosure fundraising documents;
- for as long as the Company has at least 50 members the Company will remain subject to the "takeovers" provisions of the Corporations Act;
- for as long as the Company has at least 100 members, it will be classed as an "unlisted disclosing entity" under the Corporations Act and therefore be subject to the "continuous disclosure" obligations in section 675 of the Corporations Act which are substantively the same as those imposed under section 674 of the Corporations Act and ASX Listing Rule 3.1. The Company will still provide disclosure to shareholders of material matters in accordance with the Corporations Act on the Company's website. The Company will also continue to lodge annual and interim financial statements (audited and auditor-reviewed, respectively) in accordance with the Corporations Act. Currently the Company has over 700 members;
- a reduction of obligations associated with a listing on ASX, which may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of shares by the Company and requirements concerning significant changes to the Company's activities;
- the ASX Listing Rules and *ASX Corporate Governance Principles and Recommendations* will no longer be applicable to the Company. The Company will still be governed by the Corporations Act; and
- the Company's Constitution and, therefore, shareholders' rights will remain unchanged immediately following the Delisting, such that shareholders will continue to have the right to:
 - receive notices of meetings and other notices issued by the Company;
 - exercise voting rights attached to shares; and
 - receive dividends payable by the Company from time to time.



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Conditions and proposed timetable

The Delisting is subject to the Proposed Transaction receiving shareholder approval at the General Meeting. In addition, the ASX's confirmation decision to approve the Delisting is subject to Montem's compliance with the following conditions:

- The Company's removal from the Official List is approved by a special resolution of shareholders of the Company.
- The notice of meeting seeking shareholder approval for the Company's removal from the Official List must include, in a form and substance satisfactory to ASX, the following:
 - a timetable of key dates, including the time and date at which the Company will be removed from the Official List if that approval is given;
 - details of the processes that will exist after the Company is removed from the Official List to allow shareholders to dispose of their holdings and how they can access those processes; and
 - the information prescribed in section 2.11 of ASX Guidance Note 33.
- The Company releasing the full terms of ASX's decision to the market upon submission of its formal Delisting request (this announcement satisfies this requirement and sets out the terms of ASX's decision).

Further details relating to the proposed removal from the Official List will be included in the Notice of Meeting which will be dispatched to the Company's shareholders in due course.

The proposed timetable from satisfaction of conditions and the expected date of removal of the Company from the Official List are as follows:

Event	Indicative date*
Notice of Meeting seeking shareholder approval of the Delisting and Proposed Transaction to be sent to shareholders	9 March 2023
General Meeting to be held to approve the Delisting and the Proposed Transaction	12 April 2023
Results of General Meeting announced to market	12 April 2023
Anticipated Delisting Date (date on which Delisting is expected to take effect)	21 April 2023

*Dates and times are indicative only and subject to change by the Company or ASX.

Following the Delisting, the Company's shareholders will be able to dispose of their shareholdings in private transactions, in accordance with the Company's constitution and the Corporations Act.



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Remedies available

Part 2F.1 Members' rights and remedies: If a shareholder of the Company considers the proposed Delisting to be contrary to the interests of the shareholders of the Company as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or shareholders, the shareholder may apply to the Court for an order under Part 2F.1 of the Corporations Act. Under section 233 of the Corporations Act, the Court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

Part 6.10 Division 2 Subdivision B — Unacceptable circumstances: If a shareholder of the Company considers the proposed delisting involves "unacceptable circumstances" the shareholder may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act. Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

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About Montem Resources

Montem Resources (ASX: MR1) is a renewable energy and steelmaking coal development company that owns freehold surface land and coal rights and leases coal tenements in the Canadian provinces of Alberta and British Columbia. The Company's primary objective is to advance its Tent Mountain Renewable Energy Complex ("TM-REX") in the Crowsnest Pass, Alberta. The proposed TM-REX development includes three primary elements: a 320 MW / 4,800 MWh Pumped Hydro Energy Storage, a 100 MW offsite Green Hydrogen Electrolyser, and a 100 MW offsite Wind Farm. The Company is progressing studies to support development of the TM-REX, including a feasibility study.

Montem had previously planned an integrated mining complex in the Crowsnest Pass, focusing on the low-cost development of open-cut operations that leverage central infrastructure. This was centered around the Tent Mountain Mine Redevelopment Project, and the Chinook Project. In 2020, Montem completed a Definitive Feasibility Study for the Tent Mountain Steelmaking Coal Mine and since then has continued to advance through the regulatory process to re-start the mine. In 2021, the project was designated for Federal review by the Impact Assessment Agency of Canada, which resulted in regulatory delays for the mine re-start. Considering these delays, Montem identified alternate development pathways for Tent Mountain, including transitioning the project to a renewable energy complex. In early 2023, Montem signed an agreement to sell 50% of the TM-REX to TransAlta. At the completion of this transaction, the parties will form a partnership to jointly manage the development of the project. Following the completion of the sales agreement with TransAlta, Montem will forgo previous plans to re-start coal mining operations at Tent Mountain and proceed with plans to permanently close the mine.



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Montem also owns four other steelmaking coal development projects in the Crowsnest Pass, namely, the Chinook Project, the 4-Stack Project, the Isola Project, and the Oldman Project. These projects remain suspended due to regulatory conditions imposed by the Alberta Government in 2022.

For further information on Montem, our assets and development plans, please visit our websites:

www.montem-resources.com

www.tentmountain-rex.com