



MONTEM RESOURCES LIMITED
ACN 623 236 831

Notice of Extraordinary General Meeting

Explanatory Memorandum and Proxy Form

Date of Meeting:
Wednesday, 12 April 2023

Time of Meeting:
11:00AM (AEDT)

Location of Meeting: Chartered Accountants ANZ, 33 Erskine Street, Sydney, NSW 2000 and via Zoom Webinar

For registration to attend virtually via the Zoom Webinar, please follow:

https://us06web.zoom.us/webinar/register/WN_RyroFegWRFK211szB0WjIA

Following recent modifications brought to the Corporations Act 2001 (Cth) which provide for permanent relief for companies to use electronic communications to send meeting materials, no hard copy of the Notice of Meeting and Explanatory Memorandum (GM Materials) will be circulated unless Shareholders have elected to receive the GM Materials in paper form. The Notice of Meeting is also available on the Australian Securities Exchange Announcement platform and on the Company's website <http://montem-resources.com/>

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

MONTM RESOURCES LIMITED

ACN 623 236 831

Registered office: Level 4, 100 Albert Road, South Melbourne, VIC 3205

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting (“Meeting”) of Shareholders of Montem Resources Limited (the “Company”) will be held at Chartered Accountants ANZ, 33 Erskine Street, Sydney, NSW 2000 and virtually via Zoom Webinar at 11:00am (AEDT) on Wednesday, 12 April 2023.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form which will be enclosed with a copy of the Notice, delivered to you by email or post (depending on your communication preferences).

Shareholders attending the Meeting virtually will be able to ask questions and the Company has made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions. The virtual meeting can be attended using the following details:

The live webcast can be attended using the following details:

When: Wednesday, 12 April 2023 at 11:00am (AEDT)

Topic: Montem Resources Limited General Meeting

Register in advance for this webinar:

https://us06web.zoom.us/webinar/register/WN_RyroFeqWRFK211szB0WjIA

After registering for the virtual webinar, you will receive a confirmation email containing information about joining the meeting. The Company strongly recommends its shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online.

The Company is happy to accept and answer questions submitted prior to the meeting by email to secretary@montem-resources.com. Where a written question is raised in respect of the key management personnel of the Company, the resolutions to be considered at the meeting, the Company will address the relevant question during the course of the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions).

Any shareholders who wish to attend the Meeting online should therefore monitor the Company’s website for and its ASX Announcements for any updates about the Meeting. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the meeting, the Company will make further information available through the ASX website at asx.com.au (ASX: MR1) and on its website at <http://montem-resources.com/>.

LETTER FROM THE CHAIRMAN

Dear Shareholders

As announced on 22 February 2023, the Company has successfully concluded the process for the sale of 50% of the TM-REX project as recommended by the Company's strategic review, and entered into, amongst other documents, a binding sale agreement with TransAlta Corporation (TA: TSX). Completion of the sale is contingent on Shareholder approval and other conditions as set out in the Transaction Documents. Accordingly on behalf of the Board I am pleased to invite you to an Extraordinary General Meeting of the Company to consider this proposal to be held at 11:00 am (AEST) on Wednesday, 12 April 2023.

Proposed Transaction

Following a comprehensive auction sale process conducted by PWC, the Company has entered into a binding sale agreement to sell 50% of the TM-REX project to TransAlta Corporation. TransAlta is the largest investor-owned generator of renewable energy in Canada, operating and developing a diverse fleet of electrical power generation assets in Canada, the United States and Australia.

TransAlta will pay up to **A\$26.7 million** (C\$24.7 million) for 50% of the TM-REX: with A\$8.3 million (C\$7.7 million) due on execution of definitive agreements; and further payments up to A\$18.4 million (C\$17.0 million) when project milestones are achieved.

As provided in the transaction documents for the Proposed Transaction, TransAlta and Montem will work together to achieve the development and subsequent construction and operation of TM-REX.

ASX Requirements and Delisting

In response to its in-principle application for a recompliance listing, ASX has advised Montem that:

- the Company 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 Proposed Transaction and seeks to re-comply with Chapters 1 and 2 of the Listing Rules; and
- if the Company wishes to pursue the Proposed Transaction notwithstanding this advice from ASX the Company will need to delist from ASX in order to pursue it.

Board Recommendation

The Proposed Transaction delivers compelling value for Shareholders, even though it will mean the shares of the Company will be delisted from the ASX. After careful consideration of the advantages and disadvantages of the Proposed Transaction and Delisting (as further set out in this Explanatory Memorandum), including the current financial situation of the Company and the lack of viable short term alternative options, the Board unanimously recommends Shareholders vote in favour of Resolutions 1 and 2 to delist and implement the Proposed Transaction in the absence of a superior offer.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of Resolutions 1 and 2 (in the absence of a superior proposal).

Yours sincerely,



Mark Lochtenberg
Chairman

AGENDA FOR THE MEETING

The Explanatory Memorandum and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered at the Meeting. Please consider this Notice of Meeting, the Explanatory Memorandum and the Proxy Form in their entirety.

ORDINARY BUSINESS

Resolution 1 – Removal from the Official List of ASX

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, subject to and conditional upon the passing of Resolution 2 and closing under the Sale and Purchase Agreement, for the purposes of Listing Rule 17.11 and for all other purposes, the Company be removed from the Official List of the ASX on a date to be decided by ASX and that the Directors be authorised to do all things reasonably necessary for the removal of the Company from the Official list of the ASX.”

Resolution 2: Approval of Proposed Transaction

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, subject to and conditional upon the passing of Resolution 1, for the purposes of the Listing Rules, and for all other purposes, approval is given for the entry into and completion of the Proposed Transaction on the terms and conditions set out in the Explanatory Memorandum and to consequently make a significant change in the nature and scale of the Company’s activities as described in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of:

- (a) the acquirer of the Company’s main undertaking; and
- (b) any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being a Shareholder).

Resolution 3: Approval to issue of Shares to Rigi Investments Pty Ltd (a company associated with the Company’s Non-Executive Chairman – Mr Mark Lochtenberg)

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given to issue 12,806,849 Shares at an issue price of \$0.04 per Share in the Company to Rigi Investments Pty Ltd ACN 108 790 932 (a company associated with the Company’s Non-Executive Chairman of the Company), or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution 3 by or on behalf of, respectively, Mr Lochtenberg, or any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of any of the abovementioned persons.

Furthermore, a vote must not be cast as proxy on Resolutions 3 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

The entity will disregard any votes cast in favour of the resolution by or on behalf of:

- the named person or class of persons excluded from voting; or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4: Election of William Bridge as a Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 1 and 2, in accordance with rule 20.3 of the Constitution Mr William Bridge, having provided consent to act as a director from Completion be elected as a Director of the Company.”

By order of the Board



Melanie Leydin
Company Secretary
9 March 2023

Notes

1. **Entire Notice:** The details of the Resolution contained in the Explanatory Memorandum accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm AEDT on [Monday], [10 April 2023], for the purposes of the Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

3. Proxies

- a. Votes at the General Meeting may be given personally or by proxy, attorney or representative.
- b. Each Shareholder has a right to appoint one or two proxies.
- c. A proxy need not be a Shareholder of the Company.
- d. If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
- e. Where a Shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
- f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- g. A proxy must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
- h. To be effective, proxy forms must be received by the Company no later than 48 hours before the commencement of the General Meeting, this is no later than **[11:00am (AEDT)] on [Monday], [10 April 2023]**. Any proxy received after that time will not be valid for the scheduled meeting.

4. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 6 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

6. Voting Exclusion Statement:

Each Voting Exclusion Statement that applies to a Resolution as noted in the Agenda does not apply to a vote cast in favour of that Resolution by:

- a. a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b. the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on +61(3) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum is included in and forms part of the Notice of Meeting. The purpose of this Explanatory Memorandum is to provide information the Directors believe to be material to the Shareholders in deciding whether to pass the Resolutions.

If you are in doubt as to how to vote, you should seek advice from your accountant, solicitor, tax advisor or other professional adviser prior to voting. It is important that you read this Explanatory Memorandum in its entirety for a detailed explanation of the Resolutions.

Background

Montem is a public company listed on the ASX with a historical focus on steelmaking coal exploration and development of the Tent Mountain Mine Redevelopment Project, the Chinook Project and the Greenfield Projects (the 4-Stack, Isola, and Oldman projects) as described in the Company's 2020 Prospectus. The Company admitted to the Official List of ASX on 15 September 2020.

On 18 October 2021 the board of Montem advised the market that it was evaluating alternative opportunities to create value for shareholders, including the Tent Mountain Renewable Energy Complex (**TM-REX**). The primary element of the TM-REX is a pumped hydro energy storage (**TM-PHES**) facility that can leverage Montem's existing assets at Tent Mountain, which includes a 300m drop between two large water reservoirs located on land owned by Montem, which were the result of historical mining operations. The Board evaluated these options in light of the changing coal mining regulatory environment in Canada.

The TM-REX project includes three primary elements:

- 320 MW / 4,800 MWh Pumped Hydro Energy Storage
- 100 MW Green Hydrogen Electrolyser (offsite)
- 100 MW Wind Farm (offsite)

In December 2021 Montem raised approximately \$2.8 million in-part to facilitate preliminary feasibility studies (**PFS**) for the TM-REX. On 26 July 2022 Montem released the results of the TM-REX PFS. The results are compelling, however the Company had the intention to further assess the available options for development at Tent Mountain, and ultimately seek Shareholder approval to determine whether to continue it as a steelmaking coal development or to pivot towards becoming a renewable energy development at the site.

Upon the release of the results of the TM-REX PFS the ASX deemed that the Company had undertaken a significant change in the nature and/or scope of its business and asked that Montem's shares be placed in voluntary suspension until such time as the Company obtained Shareholder approval for the change and met the requirements of a recompliance listing in accordance with Chapters 1 and 2 of the Listing Rules.

On 22 December 2022 Montem submitted an in-principle application to ASX with respect to its eligibility to have its shares recommence trading on the ASX. In response to this in-principle application for a recompliance listing, the ASX advised Montem, that:

- there is a significant likelihood the Company 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 Proposed Transaction and seeks to re-comply with Chapters 1 and 2 of the Listing Rules; and
- if the Company wishes to pursue the Proposed Transaction notwithstanding this advice from ASX the Company will need to delist from ASX in order to pursue it.

Having carefully weighed all options, the Company believes that it is in the best interest of Shareholders to proceed with the Proposed Transaction, and as announced on 22 February 2023, the Company submitted an in-principle delisting application to ASX. On 8 March 2023, the Company announced that ASX had approved the Delisting, subject to the satisfaction of certain conditions. As is its usual practice, ASX has imposed a requirement under Listing Rule 17.11 and Guidance Note 33 Removal of Entities from the ASX Official List (ASX Guidance Note 33), that the Delisting be approved by a special resolution of Shareholders of the Company (**Delisting Approval**).

1. Proposed Transaction

1.1 Background

As announced on 22 February 2023, the Company has entered into the following agreements with TransAlta TMPH LP, a wholly-owned subsidiary of TransAlta Corporation (**TransAlta**) for the sale of a 50% interest in the TM-REX project and its ongoing management (**Proposed Transaction**):

- Purchase and Sale Agreement for the sale of 50% of the TM-PHES and TM-REX to be owned by a special purpose Alberta limited partnership (MRS LP)
- Completion of certain Pre-Closing Transactions described below
- Limited Partnership Agreement for MRS LP
- Unanimous Shareholder Agreement for the MRS general partner
- Management Services Agreements for the TM-PHES
- Certain ancillary agreements

(together, **Transaction Documents**).

TransAlta will pay Montem, as purchase price, up to C\$24.7M (A\$26.7M) for 50% of the TM-REX based on achievement of development and commercial milestones:

1. C\$7.7M (A\$8.3M) on closing of the Proposed Transaction;
2. C\$3.5M (A\$3.8M) on achievement of Alberta Utilities Commission (**AUC**) approval for the TM-PHES;
3. C\$3.5M (A\$3.8M) on execution of a power purchase agreement (**PPA**) for the TM-PHES; and,
4. C\$10M (A\$10.8M) on achievement of commercial operations for the TM-PHES.

(Exchange rate: CAD:AUD 1.0775 as at 6 February 2023)

(payments 2, 3 and 4 being the **Milestone Payments**).

If Montem sells its remaining 50% interest in the TM-REX or a change of control of the Company occurs (**The Event**) in the first year following completion of the Proposed Transaction, the Milestone Payments are reduced to zero. If The Event occurs within the second year following completion of the Proposed Transaction the Milestone Payments are reduced by 50%. There is no reduction applicable if The Event occurs after the second year following completion.

The Transaction Documents, include a number of important terms that the Shareholders should consider that affect the Company's ability to deal with the Project assets in the future, including those relating to future transfer restrictions on Montem's interest in the Project, the repercussions of a change of control at the Montem level (and lower subsidiary levels) and tag-along rights in favour of TransAlta should Montem seek to sell its interest in the project. The material terms of the Transaction Documents are summarised in Annexure A.

1.2 Interaction of Resolutions

Resolutions 1 and 2 are interconditional. If Resolution 1 is approved by Shareholders but Resolution 2 is not then neither Resolution will be deemed effective, and vice-a-versa.

Due to the ASX's requirements as discussed further in Section 2.4, if Resolution 2 is passed but not Resolution 1 then the Company will need to reconsider its options in relation to seeking shareholder approval to satisfy the conditions precedent in the Sale and Purchase Agreement relating to the Proposed Transaction. This will cause greater uncertainty and delay in relation to the Company's prospects and the Company's ability to implement the Proposed Transaction.

1.3 About TransAlta

TransAlta owns, operates, and develops a diverse fleet of electrical power generation assets in Canada, the United States and Australia with a focus on long-term shareholder value. TransAlta provides municipalities, medium and large industries, businesses, and utility customers with clean, affordable, energy efficient and reliable power. Today, TransAlta is one of Canada's largest producers of wind power and Alberta's largest producer of hydro-electric power. For over 111 years, TransAlta has been a responsible operator and a proud member of the communities where it operates and where its employees work and live. TransAlta aligns its corporate goals with the UN Sustainable Development Goals and its climate change strategy with CDP (formerly Climate Disclosure Project) and the Task Force on Climate-related Financial Disclosures (**TCFD**) recommendations. TransAlta has been recognized by CDP with an 'A-' rating. TransAlta has achieved a 61 per cent reduction in GHG emissions since 2015.

1.4 Group Structure Chart

It is a condition precedent under the Sale and Purchase Agreement that the Company restructure the TM-PHES assets into Montem Tent Mountain Project Holdings Ltd (**Montem Restructure**). The resulting structure chart of the Montem group following completion of the Montem Restructure is set out below. The separation of the TM-PHES assets into a separate legal entity from the coal assets will allow the Company to develop its renewable energy assets and its coal assets separately. *[Montem to provide an update on how this is proceeding and the likely timing for completion.]*



1.5 Company's rationale for the Proposed Transaction and Business Model

On 26 April 2021 Montem announced on the ASX that the Alberta Government had implemented a moratorium on all coal exploration and development activities on Albert Coal Policy Category 2 lands until public consultation on a new coal development policy was completed. This only affected Montem's Category 2 Greenfield Projects (the 4-Stack, Isola, and Oldman projects). The Tent Mountain Mine Redevelopment Project and the Chinook Project are located on Category 4 lands and consequently were unaffected by the moratorium.

On 29 June 2021 Montem announced on the ASX that the Federal Government had changed its initial decision and designated the Tent Mountain Mine Redevelopment Project to undergo a Federal Impact Assessment under subsection 9(1) of the Impact Assessment Act. The Federal Impact Assessment process resulted in the significant delay of permitting for the project.

On 7 March 2022 Montem announced on the ASX that the moratorium on coal exploration and development activities that previously affected only Alberta Coal Policy Category 2 lands had been extended to include all land categories except for those projects designated as "advanced coal projects". The Tent Mountain Mine Redevelopment Project was designated as an "advanced coal project" and consequently is unaffected by the moratorium. The Company further stated that it must wait for the release of the Government's updated policies and plans before conducting further exploration and development activities at its Chinook Project and Greenfield Projects (the 4-Stack, Isola, and Oldman projects).

The impact of these regulatory developments on the Company's future operations resulted in the announcement on 18 October 2021 advising the Board was evaluating alternative opportunities to create value for Shareholders, including further examination of the potential value of the TM-REX. The Board's intention being to assess options available and let Shareholders determine whether to continue as a steelmaking coal development company or to pivot towards becoming a renewable energy company, or to pursue both pivoting to a renewable energy business through development of TM-REX, and retaining interests in steelmaking coal.

As stated above, on 26 July 2022 when Montem released the results of the TM-REX PFS the ASX deemed that the Company had undertaken a substantial change in the nature and/or scope of its business and determined that Montem's shares be placed in voluntary suspension until such time as the Company obtained Shareholder approval for the purposes of Listing Rule 11.1.2 and met the requirements of a re-compliance listing in accordance with Chapters 1 and 2 of the Listing Rules.

Following the suspension of the Company's shares the Board commenced preparation of an in-principle application to ASX to seek the Company's eligibility for recommencement of trading of its shares and, at the same time engaged PwC to undertake a sale process of a 50% interest in the TM-REX. The sale process being accelerated in part due to the suspension of trading of the Company's shares. Following the rigorous and competitive sale process conducted by PwC, TransAlta was chosen as the preferred bidder and the Proposed Transaction was negotiated to gain maximum value from the Company's assets under the current environment.

In December 2022, Montem provided to the ASX an "In-Principle Application" for re-compliance with Chapters 1 and 2, using the proposed TransAlta Transaction as the basis for the re-compliance. In response to Montem's in principle application for re-compliance with Chapters 1 and 2, ASX advised that:

- the Company 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 Proposed Transaction and seeks to re-comply with Chapters 1 and 2 of the Listing Rules; and
- if the Company wishes to pursue the Proposed Transaction notwithstanding this advice from ASX the Company will need to delist from ASX in order to pursue it

Having weighed its options, the Company believes that it is in the best interest of Shareholders to proceed with the Proposed Transaction and the Delisting. The considerations relating to and the implications of the Delisting are set out further in Section 2.

If Shareholder approval is obtained for Resolutions 1 and 2, following completion of the Proposed Transaction and the Delisting, the Company's primary focus will be working with TransAlta on the design, development, approval, construction, and ultimately the operation of the TM-PHES, and will also progress studies on the potential for green hydrogen production from electrolysis powered by wind power generation as parts of the TM-REX. However, it is noted that the Company will still review opportunities in relation to its coal assets and other potential coal acquisition opportunities.

1.6 Project Description

The TM-REX PFS released on 26 July 2022 sets out the details of the TM-PHES. Subject to completion of the necessary development phase work and project sanction decision by the parties, the TM-PHES could be ready for construction as early as 2026, with a target commercial operation date in the 2028 to 2030 range.

When operating, the TM-PHES will provide several generating services to the Alberta electrical grid, and related revenue sources from the Alberta Electric System Operator (AESO) and offtake counterparties. The TM-PHES stores energy by pumping water from the lower reservoir to the upper reservoir when wholesale power prices are low and generates and provides this energy to the power pool when prices are higher, capturing a spread between its pumping costs and its discharge revenues. It will earn "ancillary services" revenues from the AESO for providing backup ("reserve") capacity to help balance the grid, as well as for contributing to maintaining grid frequency. The TM-PHES may also earn contract revenues from counterparties under capacity tolling agreements. The TM-PHES may also earn revenue from future grid reliability products developed by the AESO. These valuable services for the Alberta electricity grid are increasingly in demand as the grid moves away from a reliance on fossil fuels and toward a system more reliant on renewable (intermittent) energy generation.

Alberta is the only fully competitive power market in Canada and is going through a significant energy transition as it moves away from coal and natural gas-fired generation (where such generation does not have Carbon Capture and Storage). This energy transition provides a significant opportunity for the TM-PHES to play a key role in the future of the Alberta energy market.

As the TM-PHES develops, Montem plans to expand its development efforts to include more electrification and power development opportunities associated with this significant market transformation, including the development of the green hydrogen facility, powered by a wind farm.

The TM-REX embodies future upside and opportunities. Montem's business strategy will be to leverage the investment in the TM-PHES, and further develop the green hydrogen and wind power opportunity in the same region of Alberta.

In parallel, Montem may look at partnering and developing additional PHES projects located at former and active mine sites in other jurisdictions. Montem has developed, as part of its initial TM-PHES project, an appreciation for the value that mine executives can bring to the risk assessment of disturbed mine sites as it relates to the development of power and utility infrastructure. Montem has carved out a unique intersection between two industries that have historically not had reason to work together and transition physical assets from a mining purpose to a power generating purpose.

1.7 TM-PHES Permitting

Permitting for the TM-PHES will primarily be at the provincial level. The Alberta Utilities Commission (AUC), in accordance with the Hydro and Electric Energy Act, Alberta Utilities Commission Act, and AUC Rule 7, is responsible for the authorization to construct and operate the TM-PHES. The AUC approval process includes geotechnical engineering, facility and infrastructure design, the investigation of potential impacts on wildlife and wildlife habitat, and stakeholder engagement.

A key component of the AUC process is the participant involvement program (PIP). Stakeholder engagement identified by Alberta Environment and Parks (AEP) (see below) is incorporated into the PIP. PIP follows a well-established framework for stakeholder consultation. A successful PIP requires effective communication and meaningful engagement with stakeholders, addressing all concerns related to the proposed development, inclusive of assessments and requirements within the AEP's scope. All information gathered during the PIP is submitted to both the AUC and AEP as required by the various applications.

Other TM-PHES permitting workstreams, that will occur concurrently to the AUC process, are detailed below:

- AEP— A Water Act approval for the design and construction of the upper and lower reservoir (in accordance with Dam and Canal Safety regulations) is required. The Water Act approval process is administered by AEP and is conducted independently from the AUC process. The recommendation made by AEP in the Water Act approval will be included in the final AUC Rule 7 permit application. In addition, AEP will review and provide recommendations related to wildlife and habitat assessments.
- AESO— The grid interconnection process overseen by the AESO includes required approvals specific to the interconnection asset, creating a link between AUC and AESO activities.
- ACO— Concurrent to the PIP the TM-PHES will be required to complete consultation with Indigenous groups in accordance with the Aboriginal Consultation Office's (ACO) requirements.

It is expected these permits will be applied for and received within 3 years of the TransAlta Transaction deal closing.

1.8 Sale Process and IER

As the sale process undertaken by the Company and PwC was broad and rigorous, it enabled considerable price discovery and has resulted in a purchase price which is equal to the net asset value of the TM-PHES assets, plus the intellectual property of TM-REX. The Board has determined that the Proposed Transaction represents fair value for Shareholders and has elected not to commission an independent expert's report.

1.9 Coal Assets

If Resolution 2 is approved by Shareholders and the TM-PHES is pursued by Montem, recommencement of open pit mining at Tent Mountain will not be possible. The development of the TM-PHES will result in the permanent sterilisation of the Coal Reserves and Coal Resources at Tent Mountain, and the coal mine will be decommissioned. The Company will however still hold the Chinook Project and Greenfield Projects. The Board has carefully evaluated the best option for dealing with the Chinook Project and the Greenfield projects. The Chinook Project and Greenfield projects contain significant deposits of high-quality steelmaking coal, adjacent to transport infrastructure, in a historical mining district. Active exploration and development of the Chinook and Greenfield Project's was indefinitely suspended by the Alberta Government in 2022. The Government has committed to review land use planning regulations for the areas of Montem's assets, however, have not provided a specific time-frame for this review, although a specific time-frame is expected to be stated before 2024.

The sale of the Chinook Project and Greenfield Projects is not feasible at this time given the uncertainties in valuation of the projects, as well as the potential to jeopardise any legal compensation claims if there is a change of control of the assets. The Company will continue to assess whether these coal assets could be sold, demerged to Shareholders (via a reduction in capital) or otherwise dealt with, as well as evaluating other coal acquisition options should appropriate opportunities arise.

The Chinook Project and Greenfield Projects were described in the IPO Prospectus at pages 24-- 35 and as updated by the Company's various announcements.

1.10 PMRU Arrangements

A condition precedent to the Proposed Transaction is the transfer by Montem to the Partnership all assets which relate to the TM-PHES project and delivery of a release by Prairie Mines & Royalties ULC (PMRU) who hold a lien over the real property at Tent Mountain. In 2016 Montem entered into a Purchase Agreement (2016 Purchase Agreement) with PMRU for the purchase of the Chinook Properties. These properties included the Tent Mountain assets, including freehold land, and coal assets. As part of that deal, deferred payments were to be paid up to C\$11 million. These payments have been renegotiated with PMRU to enable the TransAlta transaction to occur. Part of the TransAlta transaction requires the transfer of freehold land from Montem to the new partnership. To allow this to occur, PMRU and Montem have entered into the requisite release for these lands on the following terms:

1. upon completion of the Proposed Transaction, Montem will pay PMRU C\$2.5 million (A\$2.7M);
2. once the TM-PHES becomes operational, Montem will pay PMRU over the first three years of operation the following amounts:

C\$2.5 million (A\$2.7M) as follows:

- C\$0.75M (A\$0.8M) on the earlier of that date which is one (1) month from the date that the TM-PHES commences Commercial Operations (the "COD Date") and January 1, 2028;
- C\$0.75M (A\$0.8M) on the earlier of that date which is one (1) year from the COD Date and January 1, 2029; and
- C\$1.0M (A\$0.1M) on the earlier of that date which is two (2) years from the COD Date and January 1, 2030;

OR

- in the event Montem or any Montem Affiliate sells, assigns, or transfers all or a part of its interest in the TM-PHES, C\$2.5 million (A\$2.7M); less any amounts already paid under Subsections 2.1(b)(i) through 2.1(b)(iii) inclusive, on that date which is one (1) month from the date of closing of such sale, assignment, or transfer.

Once the initial C\$2.5 million is paid, Montem will have no further obligations to PMRU under the 2016 Purchase Agreement or otherwise other than the remaining payment obligations contemplated above, and PMRU will release and discharge all security over any of the Montem group of companies' assets. The initial C\$2.5 million payment to PMRU will be satisfied at closing of the Proposed Transactions with proceeds received by Montem from TransAlta.

The remaining expected annual holding costs for Montem's coal assets is approximately C\$70,000 per annum, plus an estimated net C\$350,000 in reclamation costs to be spent on reclamation of exploration activities over the next 3-5 years.

1.11 Financial Effect of the Proposed Transaction

The financial effect of the Proposed Transaction on the Company will be:

- an increase in cash reserves of C\$7.7M (A\$8.3M) as a result of the Initial Consideration for the 50% sell down of the TM-REX project to TransAlta.
- upon completion of the Proposed Transaction, Montem will pay PMRU C\$2.5 million (A\$2.7M) as detailed under section 1.9 for the transfer of the freehold land;
- C\$11.4M (A\$12.3M) impairment charge for the Tent Mountain exploration and evaluation assets on the assumption the Tent Mountain Mine will be closed following shareholder approval of the Proposed Transaction.
- The disposition of assets into the Partnership will result in reduced balances of the Company's unclaimed Canadian non-capital losses and unclaimed Canadian Exploration Expenditures however the transaction is not expected to result in Canadian cash taxes.

Set out below is the historical financial information for Montem as at 30 June 2022 and a pro-forma historical statement of the financial position as at 31 December 2022 to illustrate the pro-forma adjustments of the Proposed Transaction.

The Historical Financial Information is based on the balance sheet as at 30 June 2022. These results are based on the previously released half-year financial results for the period ended 30 June 2022.

The stated basis of preparation for the Pro Forma Historical Financial Information is in a manner consistent with the recognition and measurement principles of the Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in the pro forma adjustment notes to the pro-forma accounts, as if those events or transactions had occurred as at 31 December 2022.

Assets	Reviewed as at 30 Jun 2022 \$m	Subsequent events \$m Note 1	Pro Forma adjustments \$m Note 2	Pro Forma 31 Dec 2022 \$m
Current assets				
Cash and cash equivalents	1.32	(0.65)	4.85	5.51
Trade and other receivables	0.07	-	-	0.07
Deposits and advances	0.01	-	-	0.01
Total current assets	1.40	(0.65)	4.85	5.59
Non-current assets				
Property, plant and equipment	0.72	(0.48)		0.24
Right-of-use assets	0.10	-	-	0.10
Exploration and evaluation	15.21	-	(12.28)	2.94
Non-current deposits	0.20	-	-	0.20
Total non-current assets	16.23	(0.48)	(12.28)	3.47
Total assets	17.63	(1.13)	(7.43)	9.07
Liabilities				
Current liabilities				
Trade and other payables	0.94	(0.18)	-	0.76
Borrowings	0.04	0.30	-	0.34
Lease liabilities	0.05	-	-	0.05
Employee benefits	0.17	-	-	0.17
Total current liabilities	1.21	0.12	-	1.33
Non-current liabilities				
Lease liabilities	0.04	-	-	0.04
Total non-current liabilities	0.04	-	-	0.04
Total liabilities	1.25	0.12	-	1.37
Net assets	16.37	(1.25)	(7.43)	7.70
Equity				
Issued capital	45.20	1.09	-	46.30
Reserves	4.71	-	-	4.71
Accumulated losses	(33.54)	(2.34)	(7.43)	(43.31)
Total equity	16.37	(1.25)	(7.43)	7.70

Notes:

1. Subsequent events include:

On 24 August 2022, the Company announced that it has raised approximately \$1,000,000 by way of a placement where it would issue 24,820,114 fully paid ordinary shares at an issue price of \$0.04 (4.0 cents) per Share to professional, sophisticated and other exempt investors. This includes 3,179,243 fully paid ordinary shares at an issue price of \$0.04 (4.0 cents) per Share to Directors which were approved by shareholders at the Company's general meeting on 2 November 2022 and issued on 4 November 2022.

On 21 October 2022, the Company issued 3,637,992 fully paid ordinary shares at an issue price of \$0.04 (4.0 cents) per Share under Pro-rata Non-Renounceable Entitlement Offer announced by the Company on 29 September 2022.

In December 2022, the Company entered into an unsecured loan agreement with Rigi Investments Pty Ltd (associated with Non-Executive Director – Mr Mark Lochtenberg) of \$300,000 to fund working capital. Post the pro forma date, a further \$200,000 unsecured loan was entered into on 2 March 2023.

Working capital adjustments amounting to \$1.98 million represent the cash spending on initial set-up and consulting work related to feasibility studies for the Tent Mountain Renewable Energy Complex (TM-REX) development, legal and consulting fees on TM-PHES sales and other admin and corporate expenses during the period.

2. The Proposed Transaction

Pro-forma adjustment of \$8.3 million (C\$7.7 million) being the upfront cash payment from TransAlta Corporation for the sale of 50% ownership of Pumped Hydro Energy Storage project (TM-REX), net of transaction costs of \$0.8m (C\$0.7 million), also recognised as a gain in Accumulated Losses. The remaining purchase consideration is considered as a contingent asset and will be recognised in the financial statements on completion of relevant milestones.

Payment of \$2.7 million (C\$2.5 million) to PMRU detailed under section 1.9 for the transfer of the freehold land being a condition precedent to the Proposed Transaction.

A\$12.3M (C\$11.4M) impairment charge for the Tent Mountain exploration and evaluation assets on the assumption the Tent Mountain Mine will be closed following shareholder approval of the Proposed Transaction.

1.12 Use of Proceeds

The Company is not planning to raise capital by the issue of equities at the time of the Recompliance Listing, as there are expected to be sufficient capital reserves in the Company from the completion of the Proposed Transaction.

These cash reserves are expected to support planned activities which are summarised in the table below:

Preliminary budget:	C\$	A\$
TM-PHES: FEED and EPC planning	2.00	2.16
TM-PHES: AUC and other permitting	0.75	0.81
Green hydrogen & wind farm (planning)	0.25	0.27
Coal assets (regulatory compliance)	0.35	0.38
PMRU termination and release payment	2.50	2.69
Cost of transaction	0.70	0.75
General and administrative expenses	1.50	1.62
	8.05	8.67

1.13 Advantages and Disadvantages

The Board considers that the following are relevant advantages and disadvantages of the Proposed Transaction. The Board believes that following its assessment of the advantages and disadvantages the advantages outweigh the disadvantages and the Proposed Transaction is in the best interests of the Company.

Advantages of the Proposed Transaction

- The immediate proceeds from the Proposed Transaction are C\$7.7M, with C\$2.5M transferred to PMRU, and a further C\$0.7M in transaction costs, resulting in a net inflow of C\$4.5M;
- The total consideration in both immediate cash, and milestone payments for the 50% interest in TM-REX is attractive in light of the risks and challenges for the Company's coal assets, and the Share's current trading value and low level of liquidity;
- The sale process was comprehensive and resulted in an offer that represents best value currently available to Shareholders in the absence of a superior proposal;
- The Company will have a strong joint venture partner with significant experience developing power projects in Alberta to develop the TM-REX project;
- The Company currently has very few viable alternate options available to it. If the Proposed Transaction is not approved the Company will need to arrange in the immediate future alternative forms of capital/finance in order to continue to operate.

Disadvantages of the Proposed Transaction

- Approval of Resolution 2 relating to the Proposed Transaction will mean that the Company will become Delisted. See Section 2 further for the implications and disadvantages of that outcome.
- Following completion of the Proposed Transaction the Tent Mountain coal project will not be possible.
- TM-PHES will require substantial capital to develop following the Project Sanction decision to proceed. It is unclear if sufficient funds will be able to be raised as and when required.
- TM-PHES development will be subject to construction cost risk, Project Sanction risk and offtake price volatility.

1.14 Risk Factors

Project Risks

TM-PHES Key Project Risks identified by the Company are discussed below.

Geotechnical and Ground Stability

Due to Tent Mountain being a historical mine site, there are areas which may be impacted from previous blasting. That said, Hatch's geotechnical investigations as described in the PFS identified no fatal flaws in developing the TM-PHES.

Relations with Indigenous People

Collaborative relations with Indigenous People within whose traditional territories the Project is situated are key to project approval and can cause delays if not achieved on a timely basis. Proactive engagement, meaningful consultation and development of agreements are expected to build support from these Indigenous People.

Stakeholder Relations

Project delays can occur absent support from local communities and other stakeholders. This can be secured through proactive engagement and demonstration of economic and social benefits of the Project.

Interconnection to Alberta Electricity Grid

The Project is reliant on the ability to connect to the Alberta power grid. The process to connect is underway, with the AESO having registered the TM-PHES as a project. There remains a significant process to enable the connection, and this is a critical path timeline for the project. Delay in the interconnection will delay the project. Costs for the interconnection are being quoted by third parties and are subject to market forces.

Revenue

Montem has sought third party advice for the Alberta electricity market and used multiple potential electricity market development scenarios and the resulting revenue projections for economic modelling. No certainty is assumed for these projected prices from selling power.

Regulatory Approval Timing

Project delays can occur due to uncertainty in the timing of regulatory approvals. This can be mitigated by proactive steps to develop an effective permit submission.

Land Access

Access to public lands is required to develop the TM-PHES. Well-developed processes, including Alberta Government regulation, can be utilized to secure access and will be part of the next project phase and FEED.

Water Rights

The Project falls within a region of Southern Alberta that is a closed watershed where no new water allocations will be made. The TM-PHES requires a Water Act approval to utilize the existing water in Pit 4. As the TM-PHES is not a consumptive water use project, it is expected this approval will be achieved. Montem is aware of water rights available for purchase and those will be pursued if required.

Key Personnel

The loss of key personnel and failure to recruit and retain qualified staff for key positions could negatively impact Project results and timing. Local expertise is available to help Montem design effective retention and recruitment policies.

Project Sanction

At the completion of the Development Phase, the “Project Sanction” decision will be made by the General Partner. There are milestones required to achieve Project Sanction, and if the milestones are not achieved Project Sanction (and subsequently construction) may not occur.

Construction Costs

The TM-PHES is a large infrastructure project requiring significant construction. Construction costs and timing are subject to market forces.

Construction

There is a risk that the TM-PHES may not proceed as planned. This could be the result of matters within or outside the Company’s control. Examples may include weather events, natural disasters, contractor risk, regulatory intervention or failure to obtain or retain suitably qualified expertise. The occurrence of any such event could result in the TM-PHES Project costing more or not proceeding as planned, including delayed completion, commissioning or failure to perform to technical specifications.

Project Funding

At the conclusion of the Proposed Transaction, Montem will re-assess the required funding for its share of costs to complete FEED and the permitting process for the TM-PHES, known as the Development Phase of the Project. Required work phases, to reach a financing decision, may require additional financing, including capital raises; however, no additional raises are planned at this time. Montem does not currently have the required capital for its share of construction cost. The overall risk of this is mitigated by establishing the Limited Partnership with TransAlta, however Montem will pursue a strategy to support non-recourse financing options including EPC contracts and offtake contract to underpin such financing efforts.

For a further list of project specific risks and the expected mitigations identified during the TM-PHES PFS see Table 5 in the Company’s 26 July 2022 ASX release which details the results of the PFS.

Corporate Risks

Some of the key corporate risks relating to the Company are detailed below. This list of risks is not exhaustive.

Delisting from the Official List of the ASX

In order to pursue the Proposed Transaction, ASX has stated that the Company should delist from the Official List. The risks, advantages and disadvantages of the Delisting are set out in Section 2 below.

Contractual and Completion Risk

Completion of the binding agreements with TransAlta is subject to the satisfaction of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Proposed Transaction may be deferred or not occur.

Loss of Key Personnel

The Company relies heavily on the abilities of key employees and management. The Company's performance is reliant on its ability to both retain and attract skilled individuals and to appropriately incentivise them. Although the Company expects to be able to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The Company intends to mitigate these risks by entering into service contracts with any new employees and, where appropriate, may utilise existing and establish new employee incentive plans to encourage employees' loyalty to the Company.

New Business

The Company is entering into a new business, and whilst generally able to acquire the required personnel and consulting support, it is a new use of existing assets. The Company's ability to generate revenue will depend on the Company being successful in developing and commercialising the TM-PHES Project. There is a risk that a FID will not be reached in respect to the TM-PHES Project.

Future Capital Requirements

An inability to obtain the required additional finance as and when required would delay progress on the development of the TM-PHES Project, which would have a material adverse effect on the Company's business, financial performance, and prospects.

Reliance of Third-Party Providers

There is a risk that goods and services that are required for the TM-PHES Project or the green hydrogen project's development, maintenance, repair, and operation are difficult to procure, or will not be delivered on time or to the necessary quality or expected cost which may affect the operation of the TM-PHES. The Company does not have in place contracts with all of its expected key suppliers for the procurement of necessary equipment for the TM-PHES. The deterioration of any such key relationships or a change in the circumstances or requirements of the key suppliers, or market conditions generally, could therefore have significant operational and financial implications for the Company. Moreover, a failure by any one of those suppliers to perform their services, or a disruption to the supply chain, may have an adverse effect on the operations of the Company and its financial performance.

Coal Exploration Program (CEP) Reclamation Costs

It is possible the cost for effective reclamation of exploration workings is greater than budgeted, or not able to be completed within the three (3) year timeframe allowed by the Alberta Energy Regulator. This is not expected to result in an adverse material change to the Company.

ASX Disclaimer

A draft of this Notice has been provided to ASX for its review in accordance with the Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of this Notice.

2. Resolution 1: Removal from the Official List of ASX

2.1 General

On 22 February 2023, the Company announced its intention to apply to ASX to be removed from the Official List of the ASX pursuant to Listing Rule 17.11 (**Delisting**). On 8 March 2023, the Company announced that ASX had approved the Delisting, subject to the satisfaction of certain conditions. As is its usual practice, ASX has imposed a requirement under Listing Rule 17.11 and Guidance Note 33 Removal of Entities from the ASX Official List (**ASX Guidance Note 33**), that the Delisting be approved by a special resolution of Shareholders of the Company (**Delisting Approval**). Accordingly, the Company is seeking Shareholder approval under Resolution 1 of this Notice for the Delisting.

2.2 Additional Delisting Conditions

In addition to the passing of Resolution 1, ASX has confirmed to the Company that the Delisting is also subject to the following additional conditions:

- (a) this Notice must include:
 - a timetable of key dates, including the time and date at which the Company will be removed from ASX if that approval is given (refer to Section 2.8);
 - details of the processes that will exist after the Company is removed from the Official List to allow security holders to dispose of their holdings and how they can access those processes (refer to Section 2.7);
 - to ASX's satisfaction, the information prescribed in section 2.11 of ASX Guidance Note 33; and
- (b) the Company must release the full terms of ASX's decision to the market upon making a formal application to ASX to remove the Company from the official list of ASX (this information was announced by the Company on 8 March 2023),

(together with the Delisting Approval, the **Delisting Conditions**).

The Board considers that it is in the best interests of the Company and its Shareholders to proceed with the Proposed Transaction and be removed from the Official List of ASX for the reasons set out in Section 1.4 and elsewhere in this Explanatory Memorandum.

In accordance with the Delisting Conditions, the Company seeks approval for the removal of the Company from the Official List on a date to be decided by the ASX. Given that the Company's securities are suspended from official quotation, ASX has advised that the Company does not need to comply with the usual condition that removal from the Official List will not take place any earlier than one month after Shareholder approval has been obtained. Subject to satisfaction of the Delisting Conditions and approval of Resolution 2, the Company expects to be removed from the Official List shortly after the closing of the Sale and Purchase Agreement relating to the Proposed Transaction.

The Company has satisfied condition (b) above by releasing the full terms of ASX's decision in the announcement made to the ASX on 8 March 2023.

2.3 Listing Rule 17.11

Listing Rule 17.11 provides that the ASX may at any time remove an entity from the Official List at the request of the entity. The ASX is not required to act on the entity's request or may require conditions to be satisfied before it will act on the request. The ASX has approved the Company's request for Delisting, subject to the satisfaction of the Delisting Conditions.

2.4 Reasons for seeking Delisting and related advantages

Following a detailed review, the Board has unanimously decided that the Delisting is in the best interests of Shareholders for the following reasons:

Suspension and Delisting Advice

On 26 July 2023, ASX suspended the securities of Montem from official quotation due to the release of the PFS for the TM-PHES project and the determination that the Company had undergone a significant change in the nature and scale of its activities. ASX advised that 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. In December 2023 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 in order to allow the Company's shares to recommence trading. However, in response to that in-principle application ASX has advised Montem that:

- there is a significant likelihood the Company 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 Proposed Transaction and seeks to re-comply with Chapters 1 and 2 of the Listing Rules; and

- if the Company wishes to pursue the Proposed Transaction notwithstanding this advice from ASX the Company will need to delist from ASX in order to pursue it.

ASX's reasoning included that it considered the Proposed Transaction was of a nature and at a stage that was not suitable to meet the requirements of Chapters 1 and 2 of the ASX Listing Rules. The Board was greatly disappointed with this result and having carefully weighed all options, the Company believes that it is in the best interest of Shareholders to proceed with the Proposed Transaction and the Delisting, after taking into account many factors including that there are no alternative superior opportunities currently available to the Company, remaining in suspension is not in the best interest of shareholders, that the Proposed Transaction provides near term cash flows for the Company, it allows the Company to utilise its assets in the best possible way having regard to the change in coal policy in the local regions where the Company's projects are located and provides shareholders with potential exposure to the growing and important renewable energy sector in Canada.

Alternate Listing Opportunities

Once the Company has further developed the TM-PHES 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.

Limited operations in Australia

Montem does not currently have any tangible nexus with Australia from an operational perspective, which arguably undermines the basis for retaining a listing on ASX. Montem's projects are located in the provinces of Alberta and British Columbia, Canada.

Valuation of securities

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-PHES 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).

2.5 Consequences of Delisting and related disadvantages

The Directors have considered the potential disadvantages to the Company of Delisting, particularly:

Inability to trade the Company's shares on ASX

Montem 's shares will no longer be quoted on ASX and Shareholders will no longer be able to trade their Shares on ASX.

Montem's Shares will only be capable of being traded by off-market, private transactions, which will require Shareholders to identify and agree terms with potential purchasers of Shares.

Raising capital

As an unlisted company, Montem will not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents, therefore the main means for Montem (as an unlisted company) to raise equity funds will be by way of an offer of securities pursuant to a full form prospectus or by way of placement to sophisticated and other investors who do not require prospectus disclosure.

Cessation of regulation under ASX Listing Rules

The ASX Listing Rules will cease to apply to the Company once delisted and Shareholders will not have the benefit of protections inherent in the ASX Listing Rules. These include restrictions relating to:

- disclosures on issuing of shares and other securities (Listing Rule 3);
- ASX corporate governance principles (Listing Rule 4); and
- making significant changes to the nature or scale of the Company's activities (Listing Rule 11).

However, Shareholders will continue to have the protections applicable to public companies under the Corporations Act. Notably, for so long as Montem has at least 100 members it will be classed as an “unlisted disclosing entity” and will still be required to give continuous disclosure of material matters in accordance with the Corporations Act by filing notices with ASIC under section 675 of the Corporations Act or by disclosing such matters on its website. Also, Montem will still be required to lodge annual audited and half-yearly financial statements in accordance with the requirements of the Corporations Act. However, if Montem ceases to be an unlisted disclosing entity there will be no ongoing requirement for Montem to give continuous disclosure of material matters under section 675 or lodge half-yearly financial statements reviewed by an auditor but as a public company it will continue to be required to lodge annual audited financial statements. Further, for so long as Montem has at least 50 members, it will remain subject to the takeover provisions set out in Chapter 6 of the Corporations Act.

2.6 What approvals are required for the Delisting?

The Delisting is conditional on compliance with the Delisting Conditions which ASX has imposed as part of its approval. Details of ASX’s approval for the Delisting and the conditions attaching to that approval are described in Section 2.2. ASX’s Delisting Conditions include that the Delisting is approved by a special resolution of Shareholders.

Accordingly, Resolution 1 is being put to Shareholders as a special resolution. Resolution 1 will be passed if at least 75% of the votes cast in person or by proxy by Shareholders at the Meeting who are entitled to vote on Resolution 1 are cast in favour of Resolution 1.

2.7 Ability Shareholders to sell shares

As noted above, following Montem’s removal from the Official List, it will be more difficult for a Shareholder to dispose of their Shares. Given Montem’s Shares are currently suspended from official quotation on ASX, Shareholders will not be able to sell their shares on market prior to Montem being removed from the Official List.

In order to accommodate an orderly and convenient mechanism to assist those registered shareholders who wish to sell some or all of their holdings post delisting, the Company is exploring the option to establish a share sale facility to be managed by its broker or share registry, Automic. Shareholders can contact the Company to for further details of how to trade shares post Delisting.

As stated above, once the Company has further developed the TM-PHES 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.

2.8 Indicative timetable

If Resolution 1 is approved by Shareholders, the Company will be able to proceed with the Delisting and will be removed from the Official List shortly after the closing under the Sale and Purchase Agreement relating to the Proposed Transaction [on a date to be decided by the ASX] (**Delisting Date**).

Given that the Company’s shares are suspended from trading, ASX has advised that the Company does not need to comply with the usual condition that removal from the Official Listed will not take place any earlier than one month after Shareholder approval has been obtained. If approved by the requisite majority, the Company intends to delist immediately following such Shareholder approval.

The indicative timetable for the removal of the Company from the Official List (and assuming the special resolution is passed by Shareholders at the Meeting) is:

Event	Date*
General Meeting to approve Resolutions 1 and 2	Wednesday 12 April 2023
Closing under the Sale and Purchase Agreement	Wednesday 19 April 2023
Anticipated Delisting Date	Friday 21 April 2023

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

2.9 What remedies may Shareholders pursue under the Corporations Act?

If a Shareholder considers the removal from the Official List to be contrary to the interests of the Shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or Shareholders, it 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 Montem, including an order that Montem be wound up or an order regulating the conduct of Montem's affairs in the future.

If a Shareholder considers that the removal from the Official List involves "unacceptable circumstances", it 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 (refer also to Guidance Note 1: *Unacceptable Circumstances issued by the Takeovers Panel*). 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.

2.10 Technical information required by Listing Rule 14.1A

If Resolution 1 is approved by Shareholders, the Company will be able to proceed with the Delisting. The Company will be removed from the Official List of the ASX.

If Resolution 1 is not passed, the Company will not be able to proceed with the Delisting and then the Company will need to reconsider its options in relation to seeking Shareholder approval to satisfy the conditions precedent in the Sale and Purchase Agreement relating to the Proposed Transaction. This will cause greater uncertainty and delay in relation to the Company's prospects and the Company's ability to implement the Proposed Transaction.

2.11 Directors' recommendation and intentions

The Directors recommend that Shareholders vote in favour of Resolution 1 for the reasons set out in this Explanatory Memorandum.

The Directors advise that they intend to vote all shares controlled by them as at the date of the Meeting in favour of Resolution 1.

2.12 Voting Exclusions Statement

There are no voting exclusions required under the Listing Rules in relation to Resolution 1.

2.13 No other additional information

Other than as set out in this Explanatory Statement, there is no other additional information that is known to the Directors that may reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of this Resolution 1.

3. Resolution 2: Approval of Proposed Transaction

3.1 Background

Resolution 2 seeks Shareholder approval for the sale of 50% of the TM-REX to TransAlta and the entry into the other Transaction Documents governing the management of the Project going forward, being the Proposed Transaction.

A detailed description of the Proposed Transaction is set out in Section 2, and the material terms of the Transaction Documents are summarised in Annexure A. Approval of Resolution 2 is approval of entry into each of the Transaction Documents, including entry into the Amended and Restated Limited Partnership Agreement and the restrictions therein relating to future transfer restrictions on Montem's interest in the Project, the repercussions of a change of control at the listed Montem level (and lower subsidiary levels) and tag-along rights in favour of TransAlta should Montem seek to sell its interest in the project. See further below in Annexure A.

3.2 Disposal of material asset

Listing Rule 11.2 provides that if an entity is proposing to dispose of less than all, or substantially all of its assets and businesses, but those assets and businesses constitute its main undertaking, shareholder approval must be obtained. The ASX has advised that as Montem will continue with its main asset as part of the Proposed Transaction approval under Listing Rule 11.2 is not applicable in relation to the Proposed Transaction.]

3.3 Information Required for the Purposes of Listing Rule 11.1.2

Given the response from ASX in relation to the Company's in principle application for re-listing, the Company cannot pursue the Proposed Transaction and be in compliance with the Listing Rules, therefore Resolution 2 is not worded as a resolution for the purposes of Listing Rule 11.1.2 and section 7.2 of the ASX Guidance Note 12. However, the Company has deemed it prudent to include in this Notice the equivalent information as required by that Listing Rule and Guidance Note, and the following information is provided.

Listing Rule 11.1.2	Disclosure
Parties to and material terms of the Proposed Transaction	See Section 1.1
Financial effect of the Proposed Transaction	See Section 1.10
Proposed changes to Montem's business model	See Section 1.4
Payment from Proposed Transaction	See Section 1.1
Proposed changes to the Board and management	As set out in Resolution 4 and Section 5, if the Proposed Transaction is approved it is proposed that Mr William Bridge will join the Board. Otherwise, there will be no other change to the Board.
Timetable of the Proposed Transaction:	
General Meeting	Wednesday, 12 April 2023
Satisfaction of all Conditions Precedent under the transaction documents	Wednesday, 19 April 2023
Closing of Proposed transaction	Wednesday, 19 April 2023
Anticipated Delisting Date	Friday, 21 April 2023
ASX Statement	ASX takes no responsibility for the contents of this Notice.

3.4 The Purchase Price, Net Proceeds and Net Asset Value

TransAlta will pay Montem, as purchase price, up to C\$24.7M (A\$26.7M) for 50% of the TM-REX based on achievement of development and commercial milestones:

1. C\$7.7M (A\$8.3M) on closing of the Proposed Transaction;
2. C\$3.5M (A\$3.8M) on achievement of Alberta Utilities Commission (AUC) approval for the TM-PHES;
3. C\$3.5M (A\$3.8M) on execution of a power purchase agreement (PPA) for the TM-PHES; and,
4. C\$10M (A\$10.8M) on achievement of commercial operations for the TM-PHES.

(Exchange rate: CAD:AUD 1.0775 as at 6 February 2023)

(payments 2, 3 and 4 being the Milestone Payments).

The immediate net Proceeds from the Proposed Transaction are C\$4.5M (A\$4.9M), being the Initial Proceeds of C\$7.7M (A\$8.3M) less C\$2.5M (A\$2.7M) transferred to PMRU (condition precedent) and transaction costs of \$0.7M (A\$0.75M).

The Proposed Transaction will decrease Net Asset Value by C\$6.9M (A\$7.4M), being an increase in cash of C\$4.5M (A\$4.9M), net of C\$11.4M (A\$12.3M) impairment charge for the Tent Mountain exploration and evaluation assets on the assumption the Tent Mountain Mine will be closed following shareholder approval of the Proposed Transaction.

3.5 Effect of Shareholder approval (information required under Listing Rule 14.1A)

If Resolution 2 is passed, together with Resolution 1, the Company will be able to proceed with the TM-REX project and the Proposed Transaction on the terms and conditions summarised in Annexure A.

If Resolution 2 and/or Resolution 1 is not passed:

- (a) the Company will not be able to proceed with the TM-REX project and the Proposed Transaction;
- (b) the Company will not receive the initial consideration payable by TransAlta and will need to raise funds on an urgent basis, and may face solvency risk ;
- (c) the Company will need to review its business strategy going forward.

3.6 Directors' Recommendation

The Directors have undertaken appropriate enquiries into the appropriateness of the Proposed Transaction and the consequent change of the nature and scale of the business for the Board to be satisfied that the Proposed Transaction is in the best interests of the Company and the Shareholders, despite the fact that this will lead to the Delisting.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

3.7 Voting Exclusions Statement

Refer to the Agenda and Note 6 for voting exclusions.

4. Resolution 2 - Approval to issue of Shares to Rigi Investments Pty Ltd (a company associated with the Company's Non-Executive Chairman – Mr Mark Lochtenberg)

4.1 Background

The Company is seeking Shareholder approval to allow the Company to issue 12,806,849 Shares at an issue price of \$0.04 per Share in the Company in settlement of a \$512,274 debt owed to Rigi Investments Pty Ltd. 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.

The deemed issue price of \$0.04 (4 cents) per Share is the same as the issue price at which the Shares were offered to professional and sophisticated investors under the Placement dated 24 August 2022 and subsequent pro-rata non-renounceable Entitlement Offer dated 29 September 2022. The Company's Shares have been not traded since 25 July 2022.

4.2 ASX Listing Rules

ASX Listing Rule 10.11 provides that a listed company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without shareholder approval. Directors of the Company are related parties of the Company and therefore Shareholder approval for the issue of the Shares to the abovenamed Director of the Company is required under ASX Listing Rule 10.11.

Resolutions 3 seeks the required shareholder approval to the issue under and for the purposes of Listing Rule 10.11.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Shares to Rigi Investments Pty Ltd, (a company associated with the Company's Non-Executive Chairman – Mr Mark Lochtenberg who will receive 12,806,849 Shares at an issue price of \$0.04 per share in settlement of debt

If Resolution 3 is not passed, the Company will not proceed with the issue of the Shares to the applicable Directors (or their nominees) and the Company will need to repay the debt and continue to accrue interest by no later than the maturity date of 15 December 2023.

If Shareholder approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

The following information is given under ASX Listing Rule 10.13 in respect of the proposed issues of Shares to Mr Mark Lochtenberg:

- (a) the proposed recipient is Mr Mark Lochtenberg, Independent Chairman and Non-Executive Director, or his nominee;
- (b) the proposed recipient is a related party of the Company as he is a Director of the Company and thus falls into the scope of Listing Rule 10.1.1;
- (c) 12,754,110 Shares are proposed to be issued to Mr Mark Lochtenberg, the Shares will be issued no later than one month after the date of the Meeting;
- (d) the issue price of the Shares will be \$0.04;
- (e) the Shares will be issued as full satisfaction and release of the debt owed to Rigi Investments Pty Ltd by the Company of \$512,274. The loan was used to fund short term working capital requirements.

4.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless either:

- the giving of the financial benefit falls within one of the exceptions to the provisions; or
- prior Shareholder approval is obtained to the giving of the financial benefit.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of the public company.

A “financial benefit” for the purposes of the Corporations Act also has a very wide meaning. It includes the public company paying money or issuing securities to a related party.

Mr Mark Lochtenberg is a related party of the Company due to the fact that he is a Director of the Company. The issue of Shares to Mr Mark Lochtenberg constitutes a “financial benefit” as described in the Corporations Act. Accordingly, the proposed issue of Shares pursuant to Resolution 3 will constitute the provision of a financial benefit to a related party of the Company.

It is the view of Directors that the proposed issue of Shares pursuant to Resolution 3 fall within the exception under section 211 of the Corporations Act (Arms’ length exemption) given the circumstances of the Company and the position held by the Director. Accordingly, the Directors are not seeking shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.11.

4.4 Board Recommendation

The Board (other than Mark Lochtenberg) does not have a material interest in Resolution 3 and recommends that Shareholders vote in favour of Resolution 3.

4.5 Voting Exclusions Statement

Refer to the Agenda and Note 6 for voting exclusions.

5. Resolutions 4: Election of Mr William Bridge as a Director

5.1 Background

Mr William Bridge is a 30-year power industry executive and corporate director with a track record of strategic leadership and growth in domestic and international power markets. Mr Bridge has held leadership positions with TransAlta Corporation (1996-2012), and ATCO Power including Chief Technology Officer, Executive Vice-President Generation Technology, and Executive Vice-President, Business Development.

Mr Bridge is holder of the Canadian Institute of Corporate Directors Director designation and currently serves as Board Chair for Calgary Housing Company and Board Director for the Fusion Energy Council of Canada. He is also a mentor in the Start-Up incubator Creative Destruction Lab located at the University of Calgary's Haskayne School of Business.

In addition to his current roles, Mr Bridge is past Chair of the Alberta Electric System Operator (AESO) and has held board positions with the Canadian Electricity Association, the Alberta Chamber of Resources, and the Association of Power Producers of Ontario.

If Resolution 2 is approved the Board believes that the Mr Bridge will be a valuable addition to the Board to assist with the development of the TM-PHES and the evaluation of other renewable power opportunities for the Company.

5.2 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

5.3 Voting Exclusions Statement

There are no voting exclusions required under the Listing Rules in relation to Resolution 4.

GLOSSARY

The following terms have the following meanings in this Explanatory Memorandum:

“AEDT” means Australian Eastern Daylight Savings Time.

“Board” means the Directors acting as the board of Directors of the Company.

“Chairman” means the person appointed to chair the Meeting of the Company convened by this Notice;

“Company” means Montem Resources Limited ACN 623 236 831.

“Constitution” means the constitution of the Company as at the date of the Meeting.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Delisting” has the meaning as set out in Section 2.1.

“Director” means a Director of the Company.

“Explanatory Memorandum” means the explanatory memorandum which forms part of this Notice.

“Meeting” or **“GM”** means the extraordinary general meeting of the Company called by this Notice.

“Notice” means the Notice of Meeting accompanying this Explanatory Memorandum.

“PMRU” means Prairie Mines & Royalties ULC.

“Proxy Form” means the proxy form attached to the Notice.

“Recompliance Listing” means the fulfilment of the ASX procedures for re-commencement of trading of the Company’s Shares following satisfaction of the Recompliance Conditions.

“Resolution” means a resolution referred to in the Notice.

“Sale and Purchase Agreement” means the sale and purchase agreement as described in Annexure A relating to the Proposed Transaction.

“Share” means a fully paid ordinary share in the capital of the Company.

“Shareholder” means shareholder of the Company.

“TM-PHES” has the meaning set out in the first page of the Explanatory Memorandum.

“TM-REX” has the meaning set out in the first page of this Explanatory Memorandum.

Annexure A - SUMMARY OF TRANSACTION DOCUMENTS

PURCHASE AND SALE AGREEMENT

Description

The Share and Partnership Interest Purchase and Sale Agreement (the "PSA") dated February 15, 2023 is among Montem Resources Corp. (the "Seller"), Montem Resources Alberta Operations Ltd., Montem Tent Mountain Project Holdings Ltd. ("Montem Subco"), Montem Resources Limited ("Montem") and TransAlta Corporation ("TransAlta").

Prior to execution of the PSA, Montem formed Tent Mountain Pumped Hydro Limited Partnership (the "Partnership"), a limited partnership under the laws of Alberta, for the purposes of owning, constructing, and operating the Tent Mountain pumped hydro project (the "Project").

The PSA sets out the terms pursuant to which Montem will sell 50% of its interest in the Partnership to TransAlta, which is comprised of 50% of the shares in the capital of Tent Mountain Pumped Hydro GP Ltd., being the general partner in the Partnership and 50% of the partnership interests in the Partnership (collectively, the "Purchased Securities"). Montem is a party to the PSA for the limited purpose of providing certain covenants regarding shareholder approval and to provide the indemnification and guarantees contemplated below required for the transaction.

Closing and Closing Conditions

The PSA will close five Business Days after the date that all conditions to Closing are met or otherwise waived. The deadline for satisfaction of all conditions to Closing is June 15, 2023.

The conditions to Closing of the PSA are:

1. that the representations and warranties of the parties are true and correct in all respects;
2. the Seller perform and satisfy in all material respects all pre-Closing obligations;
3. the approval of the shareholders of Montem is obtained;
4. any necessary consents required from third-parties including Governmental Authorities are obtained, including the delivery of a release by Prairie Mines & Royalties ULC (PMRU) of certain claims;
5. completion of the Pre-Closing Transactions (being the transfer by the Seller to the Partnership of all of the assets that are owned by the Seller which relate to the Project other than certain surface freehold lands that will be the subject of an option to purchase by the Partnership); and
6. there are no legal proceedings or pending legal proceedings or claims of any Governmental Authorities which may prohibit the transactions contemplated under the PSA.

Purchase Price and Milestone Payments

The Purchase Price for the Purchased Securities is paid in accordance with and based on the Project achieving certain development milestones. The Milestone Payments will be paid by TransAlta to Montem in accordance with the following schedule:

- (a) CDN \$7,700,000 on Closing (the "Initial Payment");
- (b) CDN \$3,500,000 on the date that the Partnership receives Alberta Utilities Commission approval required in respect of both the power plant and transmission facilities required for the Project;
- (c) CDN \$3,500,000 on the date that the Partnership enters into a power purchase agreement or virtual power purchase agreement with an offtaker; and
- (d) CDN \$10,000,000 upon the Project achieving commercial operations (provided that the power purchase agreement milestone is then complete).

Reductions in Milestone Payments

Reductions due to Disposition or Change of Control by Montem:

If any of the following events occur in the first two years following Closing, the Milestone Payments are reduced: (a) if there occurs any change of control of Montem Parent or Montem; or (b) an affiliate transfers any of its Partnership Interest or Shares other than as permitted under the project agreements to an affiliate or by way of security for any financing or to TransAlta or its affiliate.

In such case, the Milestone Payments other than the Initial Payment are reduced: (a) to zero, if the event occurs in the first year following Closing; or (b) by 50%, if the event occurs in the second year following Closing. There is no reduction applicable after the second year following Closing.

Withholding Due to Payment Default:

If a Milestone Payment is due and payable to the Seller Parties (being the Seller and Montem Subco) and Montem or its affiliates owes any amount under the project agreements, TransAlta may withhold payment of the amount of the payment default from the Milestone Payment then due and payable and pay such amount to the Partnership in satisfaction of such payment default.

Representations and Warranties

The PSA contains standard representations and warranties for an agreement of this nature. Notably, these include certain representations with respect to environmental matters, including that there are no hazardous materials located on or in the real property being transferred in the Pre-Closing Transactions.

Option and Caveat

The PSA provides that following Closing, Montem Subco shall grant the option to purchase all of the freehold surface rights at the Project site including the upper and lower reservoirs but excluding the mineral rights in connection thereto ("Option") for an aggregate purchase price of \$1.00 pursuant to an Option to Purchase Agreement, to the Partnership and thereafter cause a registrable and non-withdrawable caveat in respect of the Option to be submitted to the Land Titles Office. The option is exercisable until the earlier of January 1, 2028, or the positive final investment decision of all of the Partners to proceed with construction of the Project (being the "Project Sanction") The Option is described in more detail below.

Indemnification

Each party provides a typical indemnity to the other for a breach by it or its affiliates of the representations, warranties and covenants set out in the PSA.

Closing

Within five Business Days following satisfaction or waiver of the conditions to Closing, Closing shall occur at which time TransAlta will deliver the Initial Payment and the parties will execute and deliver the following project agreements which are summarised below:

1. Amended and Restated Limited Partnership Agreement;
2. Unanimous Shareholders Agreement;
3. TransAlta and Montem Services Agreements;
4. TransAlta and Montem Parent Guarantees; and
5. Montem Indemnification Agreement.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

Description

The Amended and Restated Limited Partnership Agreement (the "LPA") to be entered into at Closing of the transactions is among Montem Tent Mountain Project Holdings Ltd. ("Montem Partner"), TransAlta TMPH LP ("TransAlta Partner" and together with Montem Partner, the "Limited Partners") and Tent Mountain Pumped Hydro GP Ltd. (the "General Partner", and together with the Limited Partners, the "Partners") of Tent Mountain Pumped Hydro Partnership (the "Partnership").

The LPA governs the business of the Partnership, to be conducted under the name "Tent Mountain Pumped Hydro Limited Partnership", which is to develop, construct, own and operate a pumped hydro energy storage project (the "Project") located in the Crowsnest Pass of Southern Alberta (the "Business").

Term

The LPA will commence on Closing of the transactions contemplated in the PSA and will terminate on the last of the following events to occur: (a) the Project is decommissioned; (b) the Partnership and the General Partner's obligations in respect of the Business are satisfied; and (c) all property and assets of the Partnership and the General

Partner have been distributed to the Partners in accordance with their respective ownership interest in the Partnership (the "Partnership Interest").

Partnership Interest Ownership

Following Closing of the transactions in accordance with the PSA, Montem Partner will hold a 49.9995% Partnership Interest, TransAlta Partner will hold a 49.9995% Partnership Interest and the General Partner will hold a 0.001% Partnership Interest.

Finances and Performance Assurance

Costs to be incurred by the Partnership shall be funded by contributions (each a "Contribution") from the Limited Partners from time to time approved by the General Partner in accordance with the Unanimous Shareholders Agreement of the General Partner. With limited exceptions, such Contribution requirements shall require the unanimous approval of the directors of the General Partner and shall be funded by cash calls of the Limited Partners or, subject to the prior approval of the directors of the General Partner, by loan from the Limited Partners.

Upon approval by the directors of the General Partner of required Contributions, the Limited Partners shall be obligated to make their respective Contribution pro rata to their respective Partnership Interests ("Relative Pro Rata Share"). In addition, the Limited Partners must pay their share of approved Contributions for estimated amounts required for decommissioning. The parties intend to commence establishing a decommissioning fund prior to decommissioning the Project. A Limited Partner is required to pay its share of required Contributions notwithstanding whether it disputes the amounts of such Contributions and may only lodge a dispute in relation to such Contributions after making payment of the Contributions and by following the LPA's dispute resolution process.

In the event a Limited Partner defaults on its obligation to pay a required Contribution, the General Partner (Tent Mountain Pumped Hydro GP Ltd. or any person who becomes general partner of the Limited Partnership) or the Non-Defaulting Partner (any Limited Partner not in default) (being the "Paying Partner") may pay any shortfall owing by the defaulting Limited Partner which will form an interest bearing "shortfall loan" in favour of the Paying Partner, repayable by the defaulting Limited Partner. In the event the defaulting Limited Partner defaults on the repayment of the shortfall loan, the Paying Partner may elect at its option to settle all or a portion of the shortfall loan through a transfer of, as required, all or a portion of the defaulting Limited Partner's interest in the Partnership to the Paying Partner.

The relevant costs funded by Contributions include certain approved development costs, construction costs, estimated overrun costs, operating costs and reserves, maintenance costs, improvement costs, costs connected to emergencies, amounts required for decommissioning, costs of the General Partners and costs required to comply with obligations under the Project agreements. In the event the Limited Partners do not pay the Contributions there is a possibility the relevant Project costs may not be met.

Distributions and Allocations

The General Partner will make distributions (the "Distributions") to the Limited Partners in accordance with their Relative Pro Rata Share and based on a Distribution policy (to be determined by the Partners). Unless unanimously agreed by the Partners, the General Partner will distribute all distributable cash to the Partners within 30 days of the end of each quarter starting 30 days after the commencement of commercial operations of the Project. Distributable cash shall account for typical reserves for maintenance and operating costs, debt service costs, taxes, decommissioning funds and other operating reserves. All net income and net loss of the Partnership shall be allocated to the Partners at the end of each fiscal year pro rata to their Partnership Interests.

Management of the Partnership

Except as otherwise specifically provided in the LPA, all decisions of the Partnership relating to the management, administration or performance of obligations of Partnership or the Business of the Partnership shall be made by the General Partner.

Certain matters require the Limited Partners' unanimous consent, including: engaging in business other than the Business; material changes to the Project or changes to the LPA; transferring substantially all of the Partnership's assets or the Business; changes to operating expenditures exceeding 15% of the previous year's budget; and Project improvements exceeding \$10,000,000.

Development Services, Development Schedule and Budget

The General Partner shall take all commercially reasonable steps as may be required to advance the development of the Project in accordance with the Development Schedule and to achieve Project Sanction on or before January 1, 2028.

Until Project Sanction, under the TransAlta Development Services Agreement, TransAlta will serve as the Development Services Provider to perform certain agreed development services necessary to achieve such Project Sanction for the General Partner. Under the Montem Services Agreement, Montem will provide certain support services to TransAlta.

As Development Services Provider, TransAlta shall perform the development services as required to meet the Development Schedule and in accordance with and subject to the Development Budget which has been agreed to by Montem and TransAlta. TransAlta cannot modify such budget without the approval of the General Partner.

Project Sanction

The General Partner is only able to request the approval of the Partners of Project Sanction once the Project meets certain Minimum Project Requirements, as described below. Upon a determination that the Minimum Project Requirements have been met, the General Partner will request approval of Project Sanction (a "Project Sanction Request"), which the Limited Partners shall approve within three months. Montem Partner may also make a Project Sanction Request if the Development Services Provider is removed as the services provider for the Partnership without notice and it reasonably determines that the Project is ready for Project Sanction. If a Limited Partner fails to approve a Project Sanction Request, the approving Limited Partners may acquire its Partnership Interest and shares in the General Partner. The Partnership will dissolve if none of the Limited Partners approve the Project Sanction Request. In the event that a Limited Partner disputes whether the Minimum Project Requirements have been satisfied, such dispute shall be resolved by arbitration.

Upon a positive Project Sanction decision, the General Partner shall use commercially reasonable efforts to complete the construction, commissioning and start-up of the Project as required to achieve commercial operation on or before the applicable target commercial operation date.

Minimum Project Requirements

The Minimum Project Requirements include: (i) obtaining all required construction permits for the Project; (ii) entering into definitive agreements or binding term sheets with respect to contracts such as power purchase agreements having a term not less than 15 years, engineering, procurement and construction agreement(s) that provide reasonable cost certainty in respect of not less than the amount of the costs included in the Construction Budget, all necessary interconnection approvals and agreements and definitive agreements or binding term sheets providing for construction financing in an amount of not less than 65% of the costs included in the Construction Budget; (iii) the Project satisfying all other requirements necessary to secure limited recourse project financing following the construction financing; and (iv) the Development Services Provider having met all of its obligations under the TransAlta Development Services Agreement.

Transfer Restrictions

A Limited Partner may not transfer its Partnership Interest (a "Transfer") to a third party if the other Limited Partners believe such party is not capable of performing its Project obligations. A Partner may make a Transfer to a wholly-owned and controlled affiliate with prior notice to the other Partners. Transfers are subject to a right of first refusal where the other Limited Partners may elect to purchase the Partnership Interest subject to the Transfer for the same price and on the same conditions. The LPA also includes tag-along rights whereby a Limited Partner selling its Partnership Interest must cause the third party purchaser to offer to purchase a pro rata share of other Limited Partners' Partnership Interests, at the same price and on the same conditions.

Change of Control

If a Limited Partner undergoes a change of control, the other Limited Partners may acquire such Limited Partner's Partnership Interest and its shares in the General Partner at fair market value. Alternatively, the Limited Partners not undergoing the change of control have a right to exercise a tag along right allowing them to sell their Pro Rate Share in respect of their Partnership Interest and shares in the General Partner to the affected Limited Partner; provided that such right is not exercisable in respect of a transaction involving the transfer of shares or other equity interests of a publicly traded and widely held entity.

Tag-Along Rights

A Limited Partner wishing to dispose of any of its Partnership Interest to a third party purchaser pursuant to a bona fide offer to purchase may do so if, before such disposition, it causes the third party purchaser to offer to purchase the relative Pro Rata Share of the Partnership Interest held by the other Limited Partners, at the same price and on the same terms and conditions, which the other Limited Partners shall have ten Business Days to accept. In the event the tag-along is triggered, the Limited Partners agree to renegotiate the LPA and the unanimous shareholder agreement of the General Partner to reflect the addition of the third party purchaser, with corresponding changes to director nomination rights and quorum requirements. The tag along right also applies in respect of a change of control other than the transfer of shares or other equity interests of a publicly traded and widely held entity.

Specific Restriction of Montem Coal Mining Activities

Provided that the Partnership holds the Project assets and TransAlta Partner holds a Partnership Interest, Montem Partner shall not conduct coal mining operations on the Project site or transfer, sell or otherwise dispose of its mineral rights to any other party to conduct coal mining operations on the Project site; provided this shall not prevent Montem from completing reclamation required in respect of the coal mining assets which continue to be held by Montem.

UNANIMOUS SHAREHOLDERS AGREEMENT

Description

The Unanimous Shareholder Agreement (the "USA") to be entered into at Closing of the transactions is among the Seller, TransAlta (together with the Seller and any other person owning shares, the "Shareholders") and Tent Mountain Pumped Hydro GP Ltd. (the "Corporation"). The USA governs the conduct of the business of the Corporation, which serves as general partner of the Tent Mountain Pumped Hydro Limited Partnership (the "Partnership").

Term

The USA terminates on the earliest to occur of the following: (a) one person acquires all of the Shares; (b) the USA is terminated by written agreement of all parties; or (c) the Corporation or the Partnership are dissolved.

Share Ownership

The Seller and TransAlta each own 50% of the shares in the capital of the Corporation (the "Shares"). No new Shares will be issued without a unanimous resolution of both the Shareholders and the board of directors (the "Board").

Financial Obligations

The Shareholders have no obligation to finance or provide security or guarantees to the Corporation. The Corporation is not responsible for the costs and expenses of the Partnership, which shall be funded directly by its limited partners (the "Limited Partners"). The Corporation shall issue cash calls as required for such costs and expenses.

Management of the Corporation

Directors

The Seller and TransAlta may each appoint two directors to the Board. Director nomination rights are subject to a Shareholder (or its affiliate) holding at least 33⅓% of the interests in the Partnership ("Partnership Interests").

Most substantive matters require unanimous Board approval and all other matters require an ordinary resolution of the Board (i.e., one approved by simple majority). Unanimous matters include, among other things: approving and amending budgets; incurring indebtedness in excess of \$1,000,000 unless approved in a budget; encumbering the assets; admitting new Shareholders or partners to the Partnership; undertaking a disposition of assets in excess of \$2,500,000 in the aggregate or \$500,000 per instance (except in certain permitted circumstances); entering into or waiving the performance of material project agreements; entering into material agreements to finance the business of the Partnership, distributions not already permitted by the LPA; and undertaking project improvements in excess of \$10,000,000.

The USA contains provisions preventing a party or its nominee Directors from voting on matters where they have a conflicting interest.

Shareholders

Most substantive decisions must be made by unanimous resolution of the Shareholders including, among other things: providing financial assistance by the Corporation or the Partnership; mergers and amalgamations; amendments of the Corporation's articles or by-laws; securities issuances; and admitting new Shareholders. Other matters that require shareholder approval shall be made by ordinary resolution (i.e., resolution approved by Shareholders holding a simple majority of the Shares).

Responsibilities of the Corporation

The Corporation shall prepare and submit to the Board, for approval, all budgets other than the Initial Development Budget (approved concurrently with and attached to the USA) and the Construction Budget (to be approved by the Limited Partners at Project Sanction). This includes all Development Budgets and annual Operating Budgets, both of which shall include anticipated payment schedules for cash calls to the Limited Partners.

Share Transfer Restrictions and Change of Control

Shareholders may transfer Shares: (a) to affiliates; or (b) to third parties, provided there is a corresponding transfer of such Shareholder's or its affiliate's Partnership Interest. Similarly, changes in Partnership Interest will result in a corresponding change of Shares. Shareholders must provide notice to the other Shareholders of a proposed transfer of Shares. Any transfer of Shares will occur at the fair market value of the Shares which is expected to be nominal consideration as the significant value lies in the Partnership Interests. Shareholders shall not permit any change of control to occur that results in control of a Shareholder by an entity that does not also control a Limited Partner.

Indemnification

As its general partner, the Corporation will have unlimited liability to third parties for the liabilities of the Partnership and will indemnify the limited partners of the Partnership to the extent their liability is not limited. The Corporation will also indemnify its directors and officers provided they acted in good faith and in the best interests of the Corporation.

Events of Default

Events of default that may occur in respect of a Shareholder include insolvency and any material default under the USA or the LPA. Remedies include removal of director nomination rights, removal of voting rights and initiation of proceedings to have the Shareholder's obligations performed.

Purchase Option

In an uncured event of default, the other Shareholders have an option to purchase all the defaulting Shareholder's Shares and Partnership Interest for their Fair Market Value (as defined in the LPA).

Certain events of default (such as payment defaults and attempted Share or Partnership Interest transfers in breach of the USA or LPA, as applicable) give rise to a discounted purchase option, whereby the non-defaulting Shareholder can purchase the defaulting Shareholder's Shares and Partnership Interest for: (a) if occurring during the Project's development phase, 80% of the aggregate Contributions by the defaulting party (less any prior Distributions) made in respect of the Partnership Interest being acquired; (b) if occurring during the Project's construction phase, 80% of the Fair Market Value of the Partnership Interest being acquired; or (c) if occurring after the Commercial Operation Date, 90% of the Fair Market Value of the Partnership Interest being acquired.

TRANSALTA AND MONTEM SERVICES AGREEMENTS

TransAlta Development Services Agreement

Description

Under the TransAlta Development Services Agreement ("TDSA") to be entered into between Tent Mountain Pumped Hydro Limited Partnership ("Limited Partnership") and TransAlta, TransAlta will provide to the Limited Partnership the Development Services required for the Limited Partnership to achieve Project Sanction (as defined in the LPA) based on agreed rates and subject to and in accordance with the approved Development Budget and Schedule.

Term

The TDSA is effective from the date it is entered and, unless terminated earlier in accordance with the provisions of the TDSA, will continue until the earlier date of the following to occur:

- (a) termination by a non-defaulting party;
- (b) mutual written agreement by the parties;
- (c) a position Project Sanction decision of the Partners; or
- (d) upon completion of all Development Services.

Development Services

The main Development Services to be performed by TransAlta under the TDSA include:

- (a) development of construction strategies, execution plans and schedules for construction of the Project;
- (b) overseeing design, engineering and geotechnical development work for the Project;
- (c) providing overall management, coordination and administration required for the development of the Project;
- (d) coordinating performance of all community relations and stakeholder activities, including with Governmental Authorities and leading First Nations engagements;
- (e) preparing a construction budget and negotiating construction contracts and other contracts with consultants, engineering firms and other contractors;
- (f) coordinating project financing including retaining a third party financial advisor, negotiating project financing agreements and pursuing grant funding at various levels of government;
- (g) monitoring changes in requirements of Government Authorities and managing submissions to Government Authorities;
- (h) expending the Project's development budget as reasonably required and preparing and submitting proposed amendments to the development budget;
- (i) procuring and maintaining insurance cover in respect of the Project; and
- (j) performing certain accounting functions (including administering books, preparing and filing tax information, coordinating certain costs) in relation to the Project and the Limited Partnership.

Reporting

TransAlta must provide regular reports to Limited Partnership and each Partner which outlines the Development Services costs, details and nature and extent by which TransAlta projects Development Services costs may be in excess of the Development Budget, outlines the status of completion of the overall Development Services and outlines the expected date for completion of the minimum Project requirements and any other material matter or development that may adversely impact the Project.

In addition, TransAlta must notify in writing the General Partner and each other Partner upon TransAlta reasonably determining that the Project meets the minimum project requirements and is ready for Project Sanction.

Compensation for Services

TransAlta will provide the Development Services on a "no profit, no loss" basis except in some circumstances where agreed rates are provided for applicable personnel. Throughout the Term, Limited Partnership shall compensate TransAlta for all Development Services costs which are reasonably incurred by TransAlta in performing the Development Services. TransAlta must retain records including time sheets supporting all labour charges and original invoices in respect of all third party charges reasonably required to verify Development Services costs invoiced by TransAlta to Limited Partnership.

Termination

On the occurrence of an event of default by a party which is not remedied within 60 days or in the event of insolvency of a party, the other party may elect to terminate the TDSA upon notice to the defaulting party. In the event of termination:

- (a) TransAlta is entitled to be paid for all Development Services costs incurred for performance of the Development Services and any additional services performed up until the date of termination; and
- (b) TransAlta must provide reasonable assistance to transition the Development Services to Limited Partnership or any third party directed by Limited Partnership, if requested by Limited Partnership.

Indemnity

Under the TDSA TransAlta has no liability to Limited Partnership for any loss and liabilities of any kind as a result of any cause, matter or thing in relation to the Development Services except to the extent such losses and liabilities result directly from the gross negligence or wilful misconduct of TransAlta or its related persons. Limited Partnership indemnifies TransAlta and its related persons against all loss and liabilities except to the extent they are attributable to the gross negligence or wilful misconduct of TransAlta or its related persons or the failure by TransAlta or its affiliates to make any Contribution or other payment when due under the LPA or USA.

Montem Management Services Agreement

Description

Under the Montem Management Services Agreement ("MMSA") between Tent Mountain Pumped Hydro Limited Partnership (Limited Partnership), TransAlta and Montem Resources Alberta Operations Ltd. ("Montem Alberta"), Montem Alberta will provide to TransAlta and the Limited Partnership certain agreed services to support the performance by TransAlta of the Development Services under the TDSA.

Term

The MMSA is effective from the date it is entered and, unless terminated earlier in accordance with the provisions of the MMSA, will continue until the earlier date of the following to occur:

- (a) termination by a non-defaulting party;
- (b) mutual written agreement by the parties;
- (c) a position Project Sanction decision of the Partners; or
- (d) upon completion of all Montem Services.

Services

The Services to be performed by Montem Alberta under the MMSA is the support of the performance of the Development Services by TransAlta under the TDSA.

Compensation for Services

The Services to be performed by Montem shall be paid based on agreed Montem rates. TransAlta shall be authorised to access and draw upon funds within the Development Services account created under the LPA to pay Services costs to Montem Alberta. TransAlta has no obligation to pay any Services costs which are in excess of the funds within the Development Services account. Limited Partnership must indemnify Montem Alberta for any losses and liabilities incurred by Montem Alberta as a result of any failure by Limited Partnership to maintain adequate funds within the Development Services account to pay all Services costs to Montem Alberta, provided Limited Partnership shall have no obligation to indemnify Montem Alberta in respect of any losses or liabilities to the extent attributable to a failure by Montem Alberta or its affiliates to make any Contribution when due under the LPA or Unanimous Shareholder Agreement, or to the extent attributable to the gross negligence or wilful misconduct of Montem Alberta or its related person in relation to the performance of the Services.

Termination

On the occurrence of an event of default by a party which is not remedied within 60 days or in the event of insolvency of a party, the other party may elect to terminate the MMSA upon notice to the defaulting party. In the event of termination:

- (a) Montem Alberta is entitled to be paid by TransAlta or Limited Partnership for all Service costs incurred for performance of the Services and any additional services performed up until the date of termination; and
- (b) Montem Alberta must provide reasonable assistance to transition the Services to Limited Partnership or any third party directed by Limited Partnership if requested by TransAlta or Limited Partnership.

Indemnity

Under the MMSA Montem Alberta has no liability to TransAlta or the Limited Partnership for any loss and liabilities of any kind as a result of any cause, matter or thing in relation to the Services except to the extent such losses and liabilities result directly from the gross negligence or wilful misconduct of Montem Alberta or its related persons. Limited Partnership indemnifies TransAlta and its related persons against all loss and liabilities except to the extent they are attributable to the gross negligence or wilful misconduct of TransAlta or its related persons or the failure by TransAlta or its affiliates to make any Contribution or other payment when due under the LPA or Unanimous Shareholder Agreement.

TRANSALTA AND MONTEM PARENT GUARANTEES

Each of the Limited Partners will provide a parent guarantee securing their respective obligations to pay costs in connection with the development and construction of the Project under the LPA. Such guarantees shall remain in full force until the earlier of the occurrence of commercial operations of the Project or the termination or expiration of the LPA in accordance with its terms. Each guarantee will cap liability at the applicable partnership interest share of agreed Contributions to be made based on the total commitments under the Development Budget and other future approved budgets. Each guarantee also requires the guarantor to indemnify the beneficiary from and against any and all losses resulting from the failure of the Limited Partner to pay, perform or satisfy its obligations under the LPA.

MONTEM INDEMNIFICATION AGREEMENT

Description

The Indemnification Agreement (the "IA") to be entered into at Closing of the transactions is among Montem Resources Corp. ("Montem Corp."), Montem Resources Alberta Operations Ltd. ("Montem Alberta"), Montem Tent Mountain Project Holdings Ltd. ("Montem Partner"), TransAlta and Tent Mountain Pumped Hydro Limited Partnership (the "Partnership").

The IA sets out the terms pursuant to which the Montem Indemnifying Parties, being Montem Alberta, Montem Partner and Montem Corp., or any of them, agree to indemnify TransAlta and the Partnership from and against certain matters (a) in connection with the assets Montem is transferring to the Partnership for the proposed Tent Mountain pumped hydro project (the "Project Assets") as well as certain assets which Montem Alberta is retaining (the "Excluded Assets") and (b) in respect of any taxes owing by the Partnership or TransAlta as a result of the Pre-Closing Transactions to be conducted by Montem.

Indemnity and Term

The Montem Indemnifying Parties agree to jointly and severally indemnify and hold harmless TransAlta, its affiliates, the Partnership, its general partner and their respective directors, officers, employees, agents successors and assigns (the "Indemnified Parties") from and against any losses or liabilities incurred during the term of the IA caused by: (a) activities conducted by Montem Alberta or its affiliates in connection with the Project Assets prior to the date the Transaction closes; (b) obligations relating to certain excluded assets (being Montem's coal-related tenements, leases, permits and approvals in relation to the Tent Mountain site), regardless of whether these occurred before, on or after closing of the Transaction; (c) in connection with the remediation or failure to remediate any mine or other deficiency noted by the Alberta Energy Regulator; (d) in connection with the presence of certain hazardous substances in the Project Assets; or (e) in respect of any taxes owing by the Partnership or TransAlta as a result of the Pre-Closing Transactions to be conducted by Montem Alberta. The obligation to indemnify will not arise if the losses are attributable to the actions or omissions of TransAlta and/or the Partnership.

The term of the IA commences on signing and terminates 90 days following the dissolution or termination of the Partnership.

Payments and Set-Off Rights

If the obligation to indemnify is triggered, the Indemnified Parties will make a demand for payment. Following such demand, the Montem Indemnifying Parties will make such payment within 30 days or a lesser time as may be required in connection with a judgment from a governmental authority. The Indemnified Parties are entitled to be paid amounts pursuant to the indemnification obligation regardless of whether the 30-day or lesser period has elapsed.

If an Indemnified Party becomes entitled to be indemnified, the Indemnified Party may offset the amount of the indemnity (including any unpaid interest) against any amount due and payable by the Indemnified Party to a Montem Indemnifying Party pursuant to the PSA. If an Indemnified Party other than TransAlta becomes entitled to indemnification and does not exercise its right of set-off, TransAlta may offset such amounts against any amount due and payable by TransAlta to a Montem Indemnifying Party pursuant to the PSA, provided that TransAlta then pays such offset amount to the other Indemnified Party.

Specific Restriction

The Montem Indemnifying Parties covenant that they shall comply with the provision of the Partnership's limited partnership agreement that restricts the ability of Montem Subco and its affiliates from engaging in certain activities in respect of coal activities on, in or around the Project Assets (the "Coal Activities Restriction"). The IA grants the Indemnified Parties the ability to obtain equitable remedies such as specific performance and injunctions to ensure compliance with the terms of the Coal Activities Restriction.

Option to Purchase Agreement

Description

The Option to Purchase Agreement ("OPA") between Montem Tent Mountain Project Holdings Ltd ("Optionor"), Tent Mountain Pumped Hydro Limited Partnership ("Limited Partnership"), TransAlta TMPH LP and TransAlta, provides that pursuant to the to the Share and Partnership Interest Purchase and Sale Agreement (PSA), the Optionor and Limited Partnership enter into an agreement granting Limited Partnership the option to purchase the right, title and interest of the freehold surface rights at the Project site, including the upper and lower reservoirs but excluding the mineral rights in connection thereto ("Option") and the exact land is outlined more specifically in a schedule attached to the OPA ("Property").

Term

The Option must be exercised by the Limited Partnership within the Option Period, being the period of time commencing on the date of entering the OPA and terminating on the earlier of the Project Sanction, as defined in the PSA, and 5.00pm (Calgary time) January 1, 2028.

Purchase Price

The purchase price for the Property shall be an amount equal to CDN \$1.00.

Caveat

The parties agree that the Option constitutes an interest in land and the Limited Partnership shall be entitled to register a caveat indicating its interest in this Agreement against title to the Property.



Montem Resources

MONTEM RESOURCES LIMITED | ACN 623 236 831

Proxy Voting Form

If you are attending the virtual Meeting
please retain this Proxy Voting Form
for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11:00am (AEDT) on Monday, 10 April 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

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IN PERSON:

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Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

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BY FACSIMILE:

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PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

