



20 May 2024

Dear Shareholder,

I am writing to update you on our activities over the last few months. Please read this letter in conjunction with our Annual Report (which is available for download on our website: evolvepower.ca).

The general direction of our business is to, where possible, monetise our energy storage assets and focus on recovering damages via our litigation against Alberta for the de facto expropriation of our coal assets.

Over the past year we have continued to focus on the three main elements of our business:

- **Tent Mountain Pumped Hydro Energy Storage (TM-PHES)**
 - Along with our partner, TransAlta Corporation (TransAlta), we are repurposing the historical Tent Mountain Mine to develop the 320 MW / 4,955 MWh TM-PHES. As the Alberta power grid transitions to an increased reliance on intermittent renewable power sources (wind and solar), solutions are required to provide dispatchable renewable energy whenever the grid needs it. With TransAlta, we continue to advance the project through the front-end engineering design (FEED) phase.
- **Evolve Battery Storage (EBS)**
 - We are providing energy storage solutions to industrial and commercial consumers in Alberta using batteries. This is a new business that has been developed using the energy storage and Alberta electrical market knowledge acquired through the development of the TM-PHES.
 - EBS provides industrial and commercial energy consumers the ability to lower their power costs – and these savings are shared with EBS. As a new business in development the Company has been judicious in its capitalisation, and we are excited about its potential.
- **Coal Assets: Legal Claim**
 - We continue to advance the damages claim against Alberta for the de facto expropriation of our coal assets, with a trial date set for early 2025. We recently secured specific litigation funding that will finance the legal claim process to completion.

When I last wrote we were planning to list our energy storage business (the TM-PHES and EBS) on the TSX Venture Exchange (TSXV) via the Capital Pool Company (CPC) process. To facilitate this listing, we were preparing to separate the coal business and the energy storage business.

Evolve engaged Canaccord Genuity with the intent to secure a CPC shell company for a listing on the TSXV or the Canadian Securities Exchange (CSE). Unfortunately, uncertainty surrounding the



electrical power industry regulations in Alberta contributed to unfavourable market conditions for our planned listing. As a result of not securing a listing we did not complete the plan to separate the coal and energy storage assets, and they both remain within Evolve Power Limited.

Faced with the lack of opportunity to list the energy storage business, we are now focused on alternative strategies to monetise our energy storage assets. This includes a process to sell our remaining stake in the TM-PHES and the listing or sale of EBS.

The sale process for our remaining 50% stake in the TM-PHES is underway. Currently, the ongoing development funding for our half of the project is being facilitated by a loan from TransAlta. As a result of this loan, we require an approximate \$1.8M investment by the end of June 2024 or our share of the project will be diluted to repay the loan.

To date, we have invested modestly in the EBS business while leveraging and re-purposing much of the market-facing work that came from developing the TM-PHES. Our team of industry experts have been advancing the business well and we are encouraged by the progress we have made. Our expectation is that we will secure our first customer by Q3 2024. Canaccord Genuity continues to approach both CPCs and private equity firms to either list EBS or sell EBS for a multiple on invested funds.

The Company is focused on, and continues to progress, the legal claim against Alberta for the *de facto* expropriation of our coal assets. The trial is set for April 2025, and we have a defined schedule for the various elements of the litigation process between now and the trial. However, the litigation process is costly, hence the Company has sought specific funding to enable it. Following an exhaustive solicitation process, we recently secured this required dedicated litigation funding. The litigation funders bring specialised skills to the litigation process and potential upcoming negotiations which complements existing capabilities in the Company. The cost of the funding is commercially sensitive, but is competitive with other offers we received, and includes recovery of the litigation costs, and a percentage of any proceeds from this litigation.

This funding allows us to pursue our damages claim through to the completion of the legal process based on the current estimated timetable. The Company is also prepared to accept a fair and reasonable out of court settlement.

Finally, I regrettably report that our Independent Chairman and Non-Executive Director Mark Lochtenberg will be retiring immediately after our Annual General Meeting (AGM) to be held in June 2024. On behalf of the Board, I wish to express our sincere appreciation to Mark for his leadership and support through various challenging phases of our development.

Will Souter, a current Non-Executive Director of Evolve Power has been elected to be Mr. Lochtenberg successor as Independent Chairman of the Company.

“I am honoured to have been appointed Independent Chairman of Evolve’s Board of Directors and would like to acknowledge the strong leadership and support Mark has provided as Chair over the past 4 years. While legal and regulatory conditions in Alberta have impeded our ability to develop our coal assets, we have a strong legal position to recover damages for our shareholders. In



addition, we have valuable assets in the Alberta electrical market. We will continue to progress both elements of our business for the benefit of our shareholders.”, said Mr. Souter.

We continue to manage the business to seek the best outcome for Shareholders in a challenging operational environment. Our clear focus is on monetising our energy storage assets and securing a return for shareholders from our legal claim against Alberta. As part of this process, we continue to implement cost saving efforts which includes my agreement with the Board to reduce my cash salary by 50%, with 50% accruing until the litigation process concludes.

I look forward to updating you again on our progress at the AGM in June for which the registration details are below:

The AGM live webcast can be attended using the following details:

When: Thursday, 13 June 2024 at 10.00am (AEST)

Topic: Evolve Power Limited Annual General Meeting

Register in advance for this webinar:

https://vistra.zoom.us/webinar/register/WN_jwR7SaIKTAqPkoJ_HVWEjg

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Doyle".

Peter Doyle
Managing Director & CEO
Evolve Power Limited