9 December 2024

Dear Shareholder,

I am writing to update you on our activities over the last few months. We are focussed on recovering damages via our litigation against Alberta for the de facto expropriation of our coal assets, and monetising our energy storage assets.

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

Coal Assets: Legal Claim

The Company is focused on the legal claim against Alberta for the de facto expropriation of our coal assets. This is now our major remaining asset.

The trial is set to begin on 28 April 2025 and proceed over 6 months through to the end of October.

Our expert witness reports were lodged with the court on 31 July. These included a substantial amount of evidence to support the validity and value of our claim and was delivered as per the Court timetable. Part of this evidence is an independent asset valuation for the Chinook assets on the day they were taken by Alberta. The value of our assets was estimated at C$500million - C$550million. The Government is now preparing their response to our evidence, and this is due to be provided to the court in early January.

Funding provided by our dedicated litigation funders Wahl Citadel is enabling us to pursue our damages claim. This funding is secured through to the completion of the legal process based on the current estimated timetable and budget. The Company is also prepared to accept a fair and reasonable out of court settlement.

Of note, on 25 November 2024, the Municipality of Crowsnest Past held a referendum asking voters "Do you support the development and operations of the metallurgical coal mine at Grassy Mountain?". The referendum showed the ongoing strong local support for coal mining in the Crowsnest Pass with the "yes" vote gaining 72% of the votes.

We continue to engage with the government through formal channels to settle the litigation but are also preparing to go to trial.

Power: Tent Mountain Pumped Hydro Energy Storage Project (TM-PHES)

Along with our partner, TransAlta Corporation (TransAlta), we are progressing the Tent Mountain Pumped Hydro Energy Storage Project (TM-PHES).

Unfortunately, multiple changes to Alberta power market regulations over the last 12 months, as a result of both Federal and Provincial legislation, has damaged that opportunity. TransAlta have shelved all their other development projects in Alberta, as have their two main competitors.

When I last wrote I explained that the ongoing development funding for our half of the TM-PHES was being facilitated by a loan from TransAlta. As a result of having to repay this loan, our share of the project was recently diluted from 50% to ~40%.

With no apparent change to Government energy policy in the foreseeable future we do not have access to funding to support further development of this project and as such are seeking to sell our remaining stake.

Power: Evolve Battery Storage (EBS)

EBS provides energy storage solutions to industrial power consumers in Alberta using batteries. Whilst we have had some success advancing EBS, recent changes to Alberta power market regulations causing investor doubt resulted in us being unable to secure separate funding to continue with EBS.

In November, we completed the sale of EBS for C$250,000. This was a cost recovery exercise, as we did not believe we could raise the necessary funds to build the first 25 MW battery project which would have cost approximately C$1million in development funding into 2025, and a further C$35million by the end of 2025.

We continue to manage the business to seek the best outcome for shareholders in a challenging operational environment. Our focus is on securing a return for shareholders from our legal claim against Alberta and monetising our remaining stake in the TM-PHES.

I look forward to updating you again soon on our progress.

Sincerely,

Peter Doyle
Managing Director & CEO
Evolve Power Limited