



ASX ANNOUNCEMENT, 18th March 2019

NewCO2Fuels Market Update

- ***NCF signs Term Sheets to fund technology commercialisation with new global funding partners***
- ***NCF progresses technology due diligence with additional commercialisation partner for regions outside of China***

Overview

Vivid Technology Limited (ASX: VIV) (Vivid Technology or the Company) is pleased to report that additional commercialisation opportunities outside of China are successfully progressing, underlining the value and increasing importance of this technology.

Since signing a commercialisation agreement with Sinopec Engineering Group (SEG) in 2018, the focus for NewCO2Fuels Ltd (NCF) has been establishing the right funding structure and seeking additional commercialisation partners outside of China.

With the global regulators continuing to pay more attention to the CO₂ emissions of large gas producers and industrial corporations, along with the focus on Hydrogen as a fuel source, the opportunities for a world leading technology such as NCF that can convert CO₂ & H₂O to Fuel, continues to become more attractive.

NCF's core technology efficiently produces synthesis gas ('syngas') from carbon dioxide (CO₂) and water (H₂O) by using a one-step high temperature 'CO₂ dissociation' process. This reaction is a combination of photoelectric, thermal, electric and chemical processes combining heat and electricity. NCF's technology can also process H₂O and make Hydrogen. (Syngas is converted into valuable fuels & chemicals in the market including; gasoline, DME, methanol, synthetic natural gas and a large variety of chemicals & fertilizers.).

Funding:

NCF is currently focused on funding from external parties who would provide the required capital (~USD\$15m) to see the technology commercialised over a 24-month period and ready for large scale production. To this benefit, NCF has signed two Term Sheets with prospective funders, one term sheet as a direct equity investment into the NCF entity from a multi-billion-dollar fund. The other term sheet with a subsidiary of an overseas listed entity that would be looking to acquire rights for the technology across specific regions.

Both term sheets are commercial in confidence and provide the board and management of NCF with an exciting picture of the opportunities to fund and see the NCF technology come to fruition. The Term Sheets have a number of conditions attached that would preclude disclosure until certain milestones are met on behalf of the parties.

Commercialisation Program:

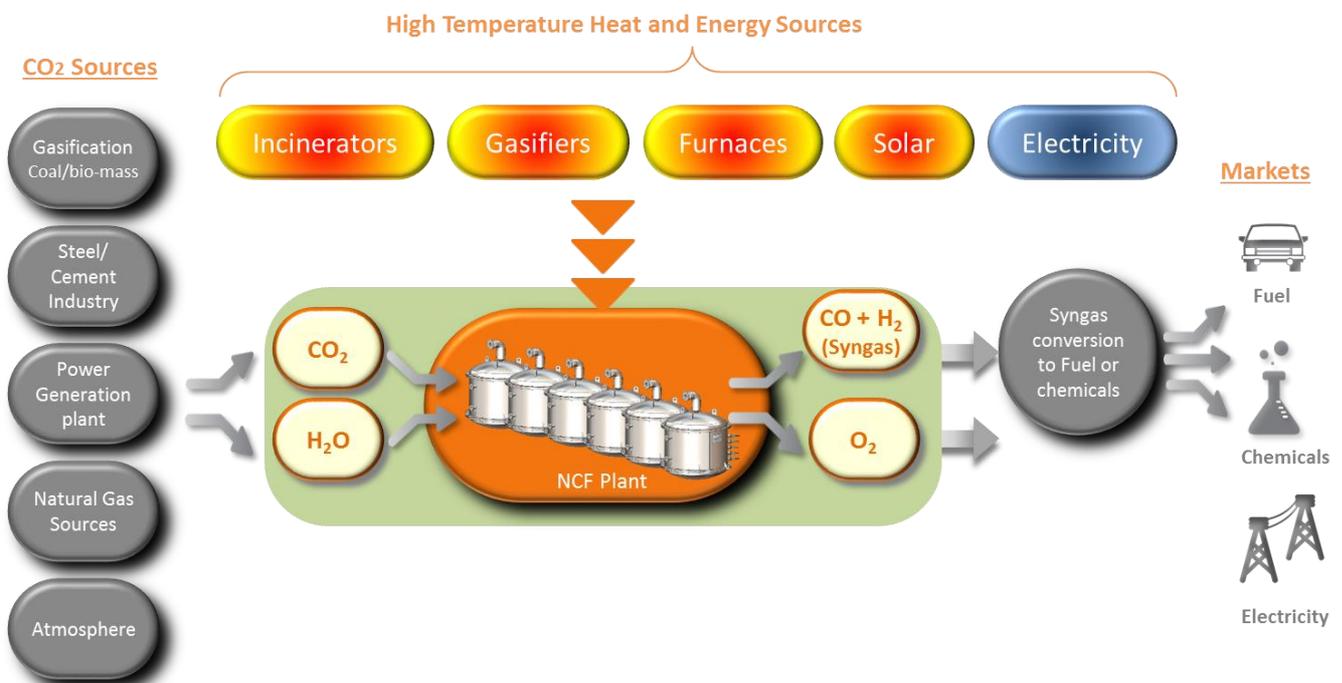
Whilst finalising commercialisation funding arrangements for NCF are in progress, the near-term commercialisation focus remains with the commercialisation agreement signed with SEG.

Additional commercialisation opportunities outside of China continue to grow, including exciting progress with a global trading company who has recently successfully completed several rounds of technical due diligence and is exploring the best path forward with the company, be that investment or purchasing of reactors. Much like Sinopec, this is a large global conglomerate with Revenues over \$30 billion and a market cap over USD\$15 billion.

Market Evolution:

Subsequent to the initial 1992 United Nations Framework Convention on Climate Change, 2015 saw the establishment of the Paris Agreement at COP21, where Countries and Corporations across the globe have increased their focus on reducing carbon emissions, and on reviewing additional clean fuel sources such as Hydrogen. There has also been an awaking to the ineffectiveness of Carbon Capture and Storage (CCS), which captures Carbon Dioxide and buries the problem underground, rather than cleansing / dealing with the CO₂ at the time.

Conversely, NCF is one of the technologies focused on Carbon Capture Utilisation (CCU), a process of taking excess CO₂ from its generating source and turning the CO₂ into a viable product, be that fuel or other products.



NewCO2Fuels process involves the capture of Carbon Dioxide at its source and using water and excess heat (or solar) to convert the Carbon Dioxide and water into Hydrogen, Carbon Monoxide and Oxygen at a financially viable price. With the current focus on Hydrogen, in Victoria as well as internationally, there are additional opportunities to utilise this technology.

Australia is requiring a solution to several real and political challenges around CO₂ emissions reductions. Under the Paris Agreement, the per capita reduction of CO₂ emissions required for Australia is more substantial than any other developed nation⁽¹⁾ because of Australia's relatively higher population growth. This focus will only increase the need for CCU to be part of the solution. Conversely, if Australia simply looks to shut down CO₂ emitting facilities to meet its targets, the resulting lower economic growth will impose a higher and potentially avoidable cost on Australia's migration to a lower carbon emissions future.

Australian corporates involved in the exploration and production of hydrocarbons (IE natural gas and LNG) also face increasing pressure to disclose their commitment to reducing CO₂ in alignment with their relevant countries overarching COP21 commitment. Recently the Australasian Centre for Corporate Responsibility (ACCR) noted the potential for a requirement to disclose emissions by Australian gas and LNG producers, including their planned capital expenditure to decrease CO₂ emissions, and how their respective executives will be incentivised to achieve their CO₂ emission targets.

Meanwhile, the Western Australia's Environmental Protection Authority has recently begun to raise questions of longer-term impacts on large scale CO₂ emitters, whilst press in the last 12 months notes that the large LNG Gorgon project continues to review the Carbon Capture and Storage focus.

With global focus significantly increasing on the need for industry, especially fossil fuel-based industries, on CO₂ reductions, NCF is well placed with its technology to convert CO₂ to commercially viable fuel sources. The opportunity for NCF continues to look extremely encouraging as a long-term solution to one of the world's biggest environmental issues.

Through its indirect shareholding in NCF, Vivid Technology has a share of a valuable asset with significant growth potential. (Vivid Technology holds 50% of NCF Global, which is currently negotiating to lift its stake in NCF from 67% to circa 80% based off prior funding previously provided by NCF Global to NewCO2Fuels Ltd).

– ENDS –

(1) Melbourne University - Facts4Paris: Australia's per-capita emissions remain the highest among its key trading partners



About Vivid Technology

Vivid Technology Limited is a multi-award winning, diversified, innovative Australian clean technology company that delivers intelligent energy efficiency solutions and carbon reduction through IoT and CO₂-to-fuel conversion technologies.

Vivid Technology has a range of patented clean tech solutions, including innovative and intelligent IoT Industry 4.0 MATRIX[®] lighting platform. Vivid's MATRIX[®] unique intelligent lighting control system combines a state of the art, human centric lighting system with unrivalled energy efficiency, reducing lighting energy costs by up to 90%. Delivering exceptionally high energy efficiency savings and carbon reductions, MATRIX[®] captures and converts smart data to provide site intelligence for industrial and infrastructure sectors. Vivid's technology is easily installed and provides businesses the infrastructure for an IoT and industry 4.0 future. Vivid Technology is full turn key solutions partner.

Vivid Technology Limited is a [B Corp](#)[™] certified and EcoVadis Silver Accredited company, which highlights the company's approach to driving business solutions with a strong corporate social responsibility.

Vivid Technology - www.vividtechnology.com.au

About NewCO2Fuels

NewCO2Fuels' cutting-edge technology profitably converts CO₂ into multi-purpose fuels (Diesel, Methanol or Hydrogen) and Oxygen. Vivid Technology holds an investment in NewCO2Fuels via a 50% ownership of NCF Global Pty Ltd, which holds 67% of NewCO2Fuels Ltd.

NewCO2Fuels – www.newco2fuels.co.il



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