

ASX CODE: VPR

BOARD

Simon Higgins
Non-Executive Chairman

Adam Boyd
CEO & Managing Director

Peter Torre
Non-Executive Director

ISSUED CAPITAL

9,170M Ordinary Shares
215M Unlisted Options

PRINCIPAL OFFICE

Level 1, 63 Abernethy Road
Belmont WA 6104

REGISTERED OFFICE

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Subiaco WA 6008

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ASX ANNOUNCEMENT

1 February 2021

Volt Power – Q4 FY20 Operational Activity Update

Highlights

ATEN Waste Heat to Power (100% owned)

- In September 2020, Volt completed a Stage 1 ATEN Feasibility Study to install a 14MW ATEN Waste Heat to Power system at an existing WA domiciled power station (WA ATEN Project).
- The Stage 1 ATEN Feasibility Study was reviewed by the owner of the WA domiciled power station (Owner) during Q4. The Owner provided positive feedback on the scope, engineering and results of the Stage 1 ATEN Project Feasibility Study.
- Significantly, the Owner acknowledged that the technical and commercial value benefits of the WA ATEN Project were compelling. These benefits include:
 - a ~20% lower LCOE* than the variable cost of existing gas fueled generation at a site delivered gas price of \$4/GJ;
 - \$44/MWh LCOE* which equates to a ~50% lower LCOE* than a generation equivalent 47MW Solar / 23MWh Battery Energy Storage System (Solar / BESS);
 - 62,500 tCO2 per annum abatement – at an LCOE* saving of \$4.6 million per annum compared to a generation equivalent Solar / BESS solution;
 - Zero water and personnel attendance requirements; and
 - Hydrogen fuel co-firing compatibility.
- The Owner sought confirmation that the WA ATEN Project design was compliant with certain Regulatory Standards. The Client also initiated scope, schedule and budget cost discussions for the completion of a Stage 2 Definitive Feasibility Study.
- Volt's ATEN Innovation Patent was granted after successfully navigating the examination and certification process. The Company continues to implement a broad ATEN intellectual property protection strategy.
- Volt and WA headquartered Genus Plus Group (Genus) advanced alliance arrangements for the EPC contract delivery of ATEN Waste Heat to Power projects by Genus. Genus is a national power and communications infrastructure construction and maintenance group with ~ 500 employees. Genus is also a substantial shareholder of Volt (5.1%).
- Volt and Genus remain focused on assisting Australia's energy generation sector to reduce Carbon Intensity and achieve new long-term earnings and growth through the commercialization of the innovative ATEN technology.

- The Company continued to engage with multiple potential customers promoting the significant baseload, zero emission, lowest LCOE power generation opportunity ATEN Waste Heat to Power delivers.

EcoQuip (~67% owned)

- EcoQuip achieved ~50% utilization of its existing 45x Mobile Solar Light Tower (MSLT) and Mobile Solar Comms Tower (MSCT) fleet during Q4 FY20.
- The manufacture of 20x new MSLT Gen4 units advanced to near completion during Q4 with 100% of all fabricated components delivered to EcoQuip's Perth, WA facility from US domiciled manufacturing partners in November 2020. The first 10x of the proprietary EcoQuip power management and telemetry controllers (EPMTC) were received in December 2020. The remaining 10x EPMTC units were subject to logistics delays due to global COVID restrictions. All 20x new MSLT Gen4 units will be deployment ready in February 2021.
- The second 3-month MSLT Gen4 Trial for Chevron comprising 5x updated MSLT Gen4 hire units deployed at the Chevron operated Gorgon LNG Project (Chevron Trial 2) has exceeded the Company's expectations. The updated MSLT Gen4 units incorporate the new EPMTC and site optimized / improved light head design. To date, all MSLT Gen4 units have performed with 100% reliability demonstrating significant technical performance, emission reduction, zero OPEX and diesel fuel savings benefits.
- Over the initial 8-weeks of the Chevron Trial 2, ~7,750 litres of diesel fuel has been saved and 19 tCO₂ abated. There has been no maintenance requirements or fault events. Significantly, there are tens of '000s of diesel fueled light towers in the mining & construction sectors in Australia and USA. EcoQuip believes that the EcoQuip MSLT Gen4 has the performance and reliability to displace diesel fueled light towers in a majority of applications.
- The EcoQuip MSLT Gen4 zero OPEX capability and modest hire tariff is ~50% cheaper than the market hire and OPEX cost of equivalent diesel fueled light towers. The EcoQuip MSLT Gen4 requires zero lifecycle & general maintenance, zero fuel & refueling, zero waste oil disposal and zero skilled trades requirements.
- The Australian Division of global power generation and energy equipment supplier, Aggreko Plc (Aggreko) successfully completed a technical performance and reliability review of the EcoQuip MSLT Gen4 during Q4. EcoQuip is now engaged with Aggreko to determine how EcoQuip and Aggreko could work together to facilitate an accelerated deployment of EcoQuip MSLT Gen4.
- EcoQuips' existing Thiess Contracting Mobile Solar Communications Tower (MSCT) deployment supporting an autonomous drilling system implementation in New South Wales and Queensland has continued to operate with 100% reliability and zero personnel attendance requirements. This has increased the Company's belief that this sector is a significant growth opportunity for EcoQuip.
- The BHP MSLT Gen4 17-month demonstration trial located at the BHP Pilbara Iron Ore operations concluded during the period. BHP utilized the EcoQuip MSLT Gen4 extensively during the trial. The BHP operational personnel provided unanimous positive trial feedback and recommended BHP enter into hire contract negotiations. To date, no response has been received from BHP management. The Company is continuing to actively work to secure a BHP commitment to displace BHP's extensive global fleet of diesel fueled light towers with the zero emission EcoQuip MSLT Gen4 solution.
- Recently, FMG personnel confirmed their desire to trial the EcoQuip MSLT Gen4 Light Tower at FMG's Pilbara operations. This FMG trial is expected to commence in February 2021. FMG maintain a "zero diesel by 2030" policy. The Company is encouraged by FMG's leadership in zero emission technology implementation.
- The Volt Board continues to be excited about the potential of the EcoQuip business as it builds the WA resource sector understanding of the groundbreaking capabilities of the EcoQuip MSLT & MSCT solution.

Wescone (100% owned)

- Wescone is the owner of the proprietary and unique W300 sample crusher extensively utilized in the global iron ore and assay laboratory industries. The Wescone offering comprises two sample crushing equipment solutions with alternative feed acceptance capabilities - the W300 Series 3 crusher and W300 Series 4 crusher.
- In August 2020, Wescone secured a 5-Year Purchase Service Exchange/Repair Contract with BHP (BHP Contract). The BHP Contract provides for the replacement of ~20 existing installed crushers with the new Wescone W300 Series 4 crusher and the exclusive provision of ongoing repair / service exchange related services for 5-years. This was an exceptional achievement during a difficult period for the Company.
- The estimated new average annual sales revenue generated under the BHP Contract over its 5-year Term is forecast at ~\$1.4 million. Wescone is also in discussions with other parties for the supply and service of the Wescone W300 Series 4 crusher.
- During the Quarter, Wescone sold 8 new W300 Series 4 crushers to BHP and completed multiple crusher maintenance related refurbishments for its Australian client base. This delivered Wescone a ~300% increase in Wescone sales revenues for FY20 to ~\$1.5 million compared to ~\$0.5 million during the prior year.
- Wescone anticipates further new Wescone W300 Series 4 crusher sales to BHP will occur during FY21.
- The Wescone business is continuing to explore new growth opportunities into offshore markets through developing new relationships and exclusive distribution arrangements.
- The development of the new W300 Series 4 was initiated by the Company in H2 2018 after BHP advised Volt that it had completed a trial of the earlier model W300 Series 3 crusher in 2015/16 and consequently advised the previous owner of Wescone that the W300 Series 2 & 3 crushers were no longer a technically viable solution for BHP. This circumstance was not disclosed to Volt prior to acquiring Wescone in early 2018 and is the subject of legal proceedings (Volt Claim).
- The Volt Claim trial commenced on 6 October 2020. The trial proceedings had not concluded by the end of the scheduled trial window on 15 October 2020. The trial will recommence on 15 February 2021. The Volt Board is looking forward to receipt of the trial judgement thereafter. Settlement proposals have been considered by the parties however, to date no agreement has been reached.

Appendix 4C – Salient September Quarter Financial Information

- The Company generated positive operating cashflow during the period of approximately \$0.7 million after payment of Volt Claim legal costs of ~\$0.4 million.
- The Company held a cash balance of ~\$0.66 million as at 31 December 2020. Revenue receipts and Government R&D / Tax Incentives for the December Quarter totaled ~\$1.65 million.
- Cash payments for the December Quarter totaled ~\$1.35 million comprising:
 - Research & Development and Intellectual Property - \$0.05 million
 - Staff Costs - \$0.15 million
 - Legal Expenses - \$0.43 million
 - Manufacturing, Admin & Other Costs - \$0.72 million
- Related Party payments totaled \$46,978 for Non-Executive Director fees for the 6-month period to August 2020. The CEO & Managing Director Fees during the period were deferred.

End

Issued by: Volt Power Group Limited (ACN 009 423 189)
Authorised by: The Board of Volt Power Group Limited

About Volt

Volt Power Group Limited (ASX: VPR) is a transitioning power generation and infrastructure asset / equipment developer and owner. The Company's businesses commercialise innovative proprietary equipment delivering "step change" client productivity and cost benefits achieving annuity earnings for the Company.

Business Activity Summary

These activities of our businesses include:

- **ATEN** (100%) – ATEN is a zero-emission waste heat to electricity generation equipment solution. The ATEN is at an advanced stage of initial commercialisation (Patent Pending). Refer below;
- **Wescone** (100%) – the proprietary owner of the globally unique Wescone W300 sample crusher predominantly deployed throughout the global iron ore sector. Wescone has a successful 25+ year operating track record and recently developed a new crusher with larger dimensional acceptance, reduction ratio and durability specifications;
- **EcoQuip** (~67%) – a developer and owner of a 'best in class' Mobile Solar Lighting & Communications Tower equipment solution incorporating robust design attributes including US military spec design & build quality, solar / lithium (LFP) battery and storage solution and advanced power management, data telemetry & control system capable of LED lighting, LTE Wi-Fi mesh repeater, point to point microwave, environmental monitoring and CCTV technology retro-fit; and
- **Acquisition / Development Strategy** – The Company actively pursues opportunities to expand its broader renewable and low emission power generation and infrastructure asset / equipment and project delivery capability footprint.

About the ATEN Technology (Patent Pending): The ATEN comprises a modular, power generation equipment package capable of harvesting 'low' grade industrial waste heat to generate zero emission baseload electricity.

ATEN generated electricity is expected to significantly reduce 'energy intensive' industry operating costs via the displacement of grid sourced electricity or fossil fuel usage associated with electricity generation.

The global industrial complex vents a significant quantity of 'low' grade waste heat to atmosphere. This quantity of unexploited waste heat presents an outstanding opportunity for the commercial roll-out of the ATEN Technology.

The ATEN's simple, high efficiency design and modular configuration - developed to maximise its integration capability - provides a low capex, uniquely compatible and scalable solution for the exploitation of 'low grade' industrial waste heat from multiple sources. Volt's priority target markets for the commercialization of the ATEN Technology include the resources and industrial processing sectors.

The salient ATEN Waste Heat to Power technology benefits that resonate with power station owners include:

- Baseload, zero emission incremental power generation (Scope 1 Emission reduction);
- Levelised Cost of Electricity (LCOE)* up to ~40% lower than gas and ~80% lower than diesel generation;

- LCOE* ~25% - 50% lower than Solar / LFP Battery installations based on identical annual generation and zero emission performance;
- CAPEX ~60% lower than Solar / LFP Battery installations based on identical annual generation and zero emission performance;
- Zero cost compatibility with Solar and Hydrogen fuel transition solutions;
- Carbon Credits (CFI) Act 2011 Offset Project / ACCU eligibility; and
- Zero water & operational personnel requirements

* Levelised Cost of Energy (LCOE) is based on new zero emission capacity and variable costs of hydrocarbon fueled generation (where relevant) using the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life including ACCUs (\$13/ACCU) and RECs (\$30/REC) as applicable.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Volt Power Group Limited

ABN

62 009 423 189

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,333	2,064
1.2 Payments for		
(a) research and development	(49)	(219)
(b) product manufacturing and operating costs	(156)	(286)
(c) advertising and marketing	-	(17)
(d) leased assets	-	-
(e) staff costs	(148)	(465)
(f) administration and corporate costs	(607)	(1,277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(15)
1.6 Income taxes paid	-	(30)
1.7 Government grants and tax incentives	318	605
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	688	360

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(231)	(488)
	(d) investments	-	-
	(e) intellectual property	(147)	(395)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(378)	(883)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(22)	(99)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(22)	(99)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	378	1,288
4.2	Net cash from / (used in) operating activities (item 1.9 above)	688	360
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(378)	(883)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(22)	(99)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	666	666

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	666	378
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	666	378

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p>Payments totalling \$21,978 (incl. GST) were paid to Torre Corporate, a company related to Mr Peter Torre, for directors' fees.</p> <p>Payments totalling \$25,000 (excl. GST) were paid to Isapia Pty Ltd, a company related to Mr Simon Higgins for directors' fees.</p> <p>The above payments represent six (6) months directors' fees, which had previously been deferred by the directors. The CEO & Managing Director Fees during the period were deferred.</p>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	122	122
7.4 Total financing facilities	122	122

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Other financing facilities include hire purchase facilities, which are secured against EcoQuip equipment fleet, from Macquarie Leasing, TL Rentals, Capital Finance and Selfco.
There are various interest rates ranging from 5.2% to 13.5%.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	688
8.2 Cash and cash equivalents at quarter end (Item 4.6)	666
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	666
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 1 February 2021

Authorised by: By the Board of Volt Power Group Limited

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.