

ASX CODE: VPR

BOARD

Adam Boyd
Executive Chairman

Paul Everingham
Non-Executive Director

Peter Torre
Non-Executive Director

Simon Higgins
Non-Executive Director

ISSUED CAPITAL

9,345M Ordinary Shares
660M Unlisted Options

PRINCIPAL OFFICE

6 Bradford Street
Kewdale WA 6105

REGISTERED OFFICE

Unit B9, 431 Roberts Road,
Subiaco WA 6008

CONTACT

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ASX ANNOUNCEMENT

1 November 2022

Volt Power – Q3 FY22 Operational Activity Update

Q3 FY22 HIGHLIGHTS
The Volt Group achieved record Q3 & YTD Ordinary Revenues received of \$1.25 million and \$3.24 million respectively
Ordinary Revenue growth equated to a 10% increase Vs Q3 FY21 (\$1.14 million) & 62% increase Vs YTD FY21 (\$1.99 million)
Wescone delivered another strong sales and revenue Quarter with a broad spread of revenues across its Tier 1 client base
The Wescone W300 Series 4 crusher secured South African patent approval during the Quarter
EcoQuip advanced negotiations with a potential partner for the national distribution of the EcoQuip Mobile Solar Light Tower (MSLT) The potential partner has an extensive footprint, sales & distribution capability across the Australian eastern states
EcoQuip's 6-month BHP MSLT demonstration trial is well advanced. EcoQuip has received significant positive feedback and BHP has requested additional MSLT trial units
EcoQuip successfully completed a MSLT trial with Albemarle at the Kemerton, WA lithium refining operations
EcoQuip advanced supply chain security negotiations with its supply partners and advanced a critical inventory plan (CIP)
Volt completed a new website for launch by 4 November 2022
R&D Tax Rebate claims were lodged during the Quarter totaling ~\$0.4 million (A\$0.2 million has been received)
Volt identified new potential ATEN / HYTEN project opportunities during the Quarter. Presentations to these project opportunity stakeholders are expected to occur during Q4 CY22

EcoQuip (70% owned) – More MSLT Trials & National Distribution Strategy Development

- EcoQuip is the developer and owner of a new “next generation” Mobile Solar Light & Communications Tower solution (MSLT / MSCT). The MSLT / MSCT solution sets a new benchmark in Solar / BESS reliability and safety, charge efficiency, remote control, data analytics and system redundancy.
- The EcoQuip MSLT incorporates a proprietary, zero emission, high efficiency solar / BESS power management system capable of up to ~40% enhanced

efficiency compared to similar industry standard Solar LED / BESS systems.

- EcoQuip's 25x MSLT units deployed under the 'beachhead' 5-Year Hire Contract at the Chevron operated Gorgon natural gas facility on Barrow Island, WA continued to perform per expectations. An additional 2x MSLT units were deployed to Barrow during the Quarter and discussions for the potential supply of up to 20x MSLT units to support the on-shore construction activities of the Jansz-lo Compression Project continued. This potential deployment has been delayed until Q1 2023.
- Chevron and EcoQuip initiated the scoping of a proposed EcoQuip Mobile Solar Environmental Tower (MSET) trial during the Quarter. The MSET will include camera surveillance and satellite streaming to monitor wildlife movement and protection.
- EcoQuip's MSLT demonstration trials with BHP, Albermarle, Thiess and other potential large deployment customers for the EcoQuip MSLT / MSCT continue to progress positively and receive positive feedback. BHP and Albermarle have requested additional MSLT units for trial deployment at various site locations at their Pilbara iron ore operations and Kemerton respectively.
- EcoQuip undertook a detailed review of its critical inventory plan & supply chain during the period to ensure potential geo-political supply chain disruption can be mitigated. These plans will be completed and executed during Q4 CY22. Salient supply chain counterparty alternatives have been identified as part of this process.
- EcoQuip's national MSLT 'roll-out' strategy plan gained momentum during the period. The business has engaged, advanced due diligence and initiated negotiations for MSLT distribution, sales and customer service across Australia's eastern states. The Board is excited about the potential of the opportunity that presents however, these negotiations are incomplete at the time of this update.
- EcoQuip's completed 70x Mobile Solar Light Tower (MSLT) and Mobile Solar Comms Tower (MSCT) fleet has maintained fleet utilization at ~70% during the Quarter. The EcoQuip business continues to generate surplus operating cashflow.

Wescone (100% owned) – Delivering Reliable Solutions & Revenue Growth

- Wescone is the Original Equipment Manufacturer (OEM) of the proprietary W300 sample crusher extensively deployed in the global iron ore and assay laboratory industries. The Wescone OEM offering comprises three sample crushing equipment solutions with alternative dimensional feed acceptance capabilities – the W300 Series 3, W300 Series 4 and W300 Lab crushers.
- During the Quarter, Wescone performed well receiving ~\$1.0 million in revenue receipts. The business continues to respond to numerous new tender and enquiry opportunities for project & laboratory sample system projects on the African continent.
- Wescone received confirmation during Q3 CY22 that its South African Patent Application for the Wescone W300 Series 4 crusher had been accepted.
- Management continues to expect that FY22 Wescone revenues will exceed \$3.0 million.

ATEN Waste Heat to Zero Emission Power (100% owned) – ESG Competitive Advantage clarity

- The ATEN Waste Heat to Power technology is a combined heat recovery and organic rankine cycle turbine system that can recover and utilise industrial waste heat otherwise vented to atmosphere to generate zero emission, baseload electricity.
- ATEN has the salient competitive advantage and capability to generate baseload, zero emission incremental electricity for ~60% lower CAPEX and ~50% lower lifecycle cost compared to annual equivalent generation solar / wind installations.

- Importantly however, the ATEN Waste Heat to Power is compatible and complimentary to the installation of hybrid Solar / Wind intermittent power generation technologies. ATEN's zero-emission, baseload power supply capability reduces the carbon intensity of OCGT thermal generation required to a supply grid firming generation capacity to electricity grids connected to intermittent Solar/Hybrid and Wind generation.
- The Company identified new project opportunities for the ATEN system during the Quarter. The Company remains highly optimistic about the commercialization potential of the Volt ATEN Waste Heat to Power solution and continues to prosecute a committed business development activity effort to resource, power generation and gas pipeline operators.

HYTEN – Waste Heat to Hydrogen (100% owned) – Low Cost Zero Emission Hydrogen

- The HYTEN Waste Heat to Hydrogen technology comprises the aforementioned ATEN system supplying baseload, zero emission electricity to an alkaline water electrolyser and hydrogen separation system.
- The Company has completed the flowsheet development of the HYTEN system. A HYTEN patent application has been submitted and related initial patent search due diligence completed.
- The initial HYTEN preliminary feasibility / concept study activities were completed in Q4 FY21 and the results are highly encouraging. The preliminary engineering activities have confirmed that HYTEN has numerous cost and technical competitive advantages relative to an equivalent annual hydrogen production Solar / Wind to Hydrogen system. These include:
 - A ~60% lower LCOE* for zero emission electricity supply to the electrolyser;
 - ~300% greater electrolyser utilization performance (baseload Vs intermittent power supply);
 - At least 50%+ lower electrolyser CAPEX; and
 - Higher system efficiency.
- Preliminary engineering, OEM pricing & specification clarification and price estimation activities for a HYTEN preliminary feasibility study are completed. As previously reported, the Preliminary Study results confirm HYTEN can potentially produce zero emission hydrogen for a ~70% lower CAPEX and 60%+ lower lifecycle cost compared to an equivalent production Solar / Wind 'Green Hydrogen' system (HYTEN LCOH <US\$3/kg Vs Solar/H2 LCOH ~US\$8-9/kg).
- The Board is excited about the potential of the HYTEN technology to facilitate existing LNG facilities, natural gas pipeline compression stations and some power station assets to become significant low-cost hydrogen producers by exploiting the waste heat generated by existing energy infrastructure to create zero emission hydrogen. The potential for on-site use of the HYTEN produced hydrogen to displace fossil fuel combustion is significant.

Corporate and Appendix 4C – Salient December Quarter Financial & Other Information

- The Company generated positive Operating Cashflow during the period of approximately \$0.38 million for the Quarter.
- The Company held a cash balance of ~\$2.6 million at 30 September 2022. Ordinary revenue receipts totaled ~\$1.125 million for the Quarter which is 10% higher than for the same period in FY21.
- Cash payments for the September Quarter totaled ~\$1.26 million comprising:
 - Research & Development and Intellectual Property - \$0.30 million
 - Staff Costs - \$0.28 million
 - Manufacturing Costs - \$0.41 million
 - Admin & Other Costs (net) - \$0.27 million

- Related Party payments for Non-Executive Director and Executive Chairman services for the period totaled \$26,996 and \$198,000 representing ~3 months of non-executive director fees and ~6 months Executive Chairman fees respectively.

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 an industrial technology company that develops and commercializes ESG focused, zero emission power generation and hydrogen production technologies and next generation mining equipment.

The Company's businesses develop and commercialise innovative proprietary OEM equipment delivering "step change" client productivity & cost benefits and reduce scope 1 emissions.

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. ATEN enjoys Australian Innovation Patent certification. Refer below;
- **HYTEN (100%)** – HYTEN (patent pending) is a zero-emission waste heat to hydrogen solution developed to capture and exploit industrial waste heat (including gas turbine exhaust heat usually vented to atmosphere) and produce low cost, zero emission hydrogen fuel gas. HYTEN comprises the ATEN Waste Heat to Power system integrated with an alkaline water electrolyser to produce the hydrogen.
- **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 (~70%)** – 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 / low emission power generation and contract services, infrastructure asset & innovative equipment footprint.

About the ATEN Technology: 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 ATEN.

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 existing 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) compatible with Solar Hybrid systems with high penetration;
- Levelised Cost of Electricity (LCOE)* up to ~50% lower than gas and ~80% lower than diesel generation;
- LCOE* ~50% lower than an equivalent annual generation Solar/Battery Energy Storage System (BESS);
- CAPEX ~60% lower than Solar / BESS based on identical annual generation and zero emission performance;
- Hydrogen co-firing capability;
- Carbon Credits (CFI) Act 2011 Offset Project / ACCU eligibility; and
- Zero water & operational personnel requirements

* Levelised Cost of Energy (LCOE) is based on new ATEN zero emission capacity and operating costs and variable costs of fueled generation (where relevant) in the WA Pilbara region and the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life including ACCUs (\$30/ACCU) and Solar RECs (\$35/REC) as applicable.

¹Levelised Cost of Hydrogen (LCOH) is based on the LCOE methodology above inclusive of OEM supplier & EPC installation estimates of the capital and operating costs of hydrogen production via alkaline water electrolysis in the WA Pilbara region.

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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,253	3,236
1.2 Payments for		
(a) research and development	(184)	(400)
(b) product manufacturing and operating costs	(118)	(310)
(c) advertising and marketing	(15)	(33)
(d) leased assets	(41)	(159)
(e) staff costs	(283)	(662)
(f) administration and corporate costs	(222)	(630)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(15)	(26)
1.6 Income taxes refunded/(paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	377	1,018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(294)	(729)
(d) investments	-	-
(e) intellectual property	(113)	(186)
(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	(407)	(915)
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	55	620
3.6 Repayment of borrowings	(34)	(52)
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	21	568

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	2,563	1,883
4.2	Net cash from / (used in) operating activities (item 1.9 above)	377	1,018
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(407)	(915)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	21	568
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,554	2,554

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	2,554	2,563
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)	2,554	2,563

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	226
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Payments totalling \$10,000 (incl. GST) were paid to Isapia Pty Ltd, a company related to Mr Simon Higgins, for non-executive directors' fees.

Payments totalling \$7,326 (incl. GST) were paid to Torre Corporate, a trust related to Mr Peter Torre, for non-executive directors' fees.

Payments totalling \$9,670 (incl. GST) were paid to Sackville Reach Pty Ltd, a company related to Mr Paul Everingham for non-executive directors' fees.

Payments totalling \$198,000 (incl. GST) were paid to Renewable Initiative Pty Ltd, a company related to Mr Adam Boyd, for executive directors' fees.

The above payments represent three (3) months' directors' fees except for the payments to Mr Torre, which only represents two (2) months' directors' fees and Mr Boyd, which represents six (6) months' directors' fees.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	3,027	605
7.4 Total financing facilities	3,027	605
7.5 Unused financing facilities available at quarter end		2,422
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.	<p>In April 2022, Volt subsidiary, EcoQuip Australia Pty Ltd secured a total of \$3 million in new credit financing facilities with Westpac Banking Corporation. These financing facilities consist of a \$2 million Revolving Equipment Finance Facility and a \$1 million Trade Finance Facility and are secured under a general security agreement. At the end of the Quarter, the facilities were drawn to \$0.578 million.</p> <p>Other financing facilities also includes a hire purchase facility secured against an EcoQuip motor vehicle from Toyota Finance.</p> <p>The current interest rates that apply to the above facilities range from 6.21% to 7.15%.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	377
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,554
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,554
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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	

8.6.2 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

8.6.3 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

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 31 October 2022

Authorised by: By the Board

(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.