

ASX ANNOUNCEMENT

31 January 2024

VOLT POWER – Q4 FY23 OPERATIONAL ACTIVITY UPDATE

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

10,717M Ordinary Shares
885M Unlisted Options

PRINCIPAL OFFICE

6 Bradford Street
Kewdale WA 6105

REGISTERED OFFICE

6 Bradford Street,
Kewdale WA 6105

CONTACT

Mr Adam Boyd
Executive Chairman

P: + 61 8 9350 6880

M: +61 439 888 103

E: info@voltpower.com.au

www.voltpower.com.au

Highlights:

- Volt Group achieved Record Full Year Revenue receipts of \$4.38 million generating surplus annual FY23 operating cashflow of \$1.49 million.
- The EcoQuip and Wescone businesses achieved Full Year revenue received in-line with the Company's FY23 budget forecasts. EcoQuip achieved an MSLT fleet utilisation of 82% and Ordinary Revenue receipt growth of 32%.
- The Company made significant investments in the EcoQuip Mobile Solar Light Tower (MSLT) Technology Platform and MSLT fleet expansion in FY23 totalling \$1.18 and \$1.49 million respectively.
- The final phase of EcoQuip Technology Platform development is near completion with its proprietary autonomous operation, situational awareness and customer portal interface delivering significant competitive advantage capabilities. Initial customer trialling has secured outstanding positive feedback.
- The EcoQuip MSLT fleet expansion comprised manufacture assembly of 25 new units. Shipping logistics delays have deferred completion to early February 2024.
- EcoQuip management expects the new MSLT fleet to be fully deployed by April 2024 subject to final hire commitments. Once deployed, the EcoQuip annualised Ordinary Revenue "run rate" will exceed \$2.0 million post deployment.
- Multiple MSLT trials were completed during the period and/or remain ongoing. The scope, location and related requirements for EcoQuip MSLT deployments is now being clarified with multiple parties. Trial MSLT units remain deployed at Pilbara Minerals, Core Lithium, McMahons and BHP site locations.
- EcoQuip signed its first USA domiciled MSLT demonstration trial agreement during January 2024. The USA market potential is significant.
- The Wescone Africa distribution partner, SPA deployed multiple Wescone W300 crushers in FY23. This success highlights the robust, proprietary capability of Wescone OEM crushers and confirms the Wescone global growth potential.
- Volt and EPC contract delivery partner, NRW/Primero continued to advance ATEN Waste Heat to Power business development activities presenting to state-owned power generation, resources companies and their technical advisors.
- Reliable energy supply for the mining, industrial and retail markets is urgently required in the West Australian market. Volt's ATEN Waste Heat to Power solution is a proven system that can quickly and cost effectively be fitted to existing OCGT power stations to deliver dispatchable, low cost, zero emission incremental electricity supply and RCM capacity.

EcoQuip OEM Mobile Solar Light & Comms Towers (100% owned)

EcoQuip is the Original Equipment Manufacturer (OEM) of a “market leading” Mobile Solar Light & Communications Tower (MSLT) solution utilising the proprietary EcoQuip technology platform. The technology platform incorporates a high efficiency solar / lithium battery energy storage system (BESS), power management electronics and software capable of autonomous operation and up to 40% enhanced energy efficiency compared to similar industry standard solar / BESS illumination systems.

The EcoQuip MSLT has market-leading illumination and power budget performance, end user telemetry with pre-emptive notifications and remote-control capability. These capabilities have been achieved partnering with the US military fabrication, electronics and software development contract partners. The MSLT can deliver the ‘mission critical’ power budget performance required for reliable remote site illumination and autonomous mining communications network reinforcement.

Since Q3 2021, EcoQuip has deployed 35x new EcoQuip MSLTs to the Chevron operated Gorgon natural gas facility on Barrow Island, WA. EcoQuip is working with Chevron contractor, AGC to imminently expand the Barrow Island MSLT fleet deployment to 55x units. The Barrow Island deployed MSLT fleet displaced the entire diesel fuelled light tower fleet used for daily operations on Barrow Island.

The EcoQuip MSLT is a zero OPEX (no fuel or refuelling), zero scheduled maintenance, zero emission solution. The displacement of hired diesel fuelled lighting plant with a hired EcoQuip MSLT delivers up to a 50% total cost reduction, reduces site based mechanical trades required and achieves significant safety risk mitigation benefits.

EcoQuip is working with multiple, high quality resource sector companies to demonstrate the capabilities of the EcoQuip MSLT & MSCT solutions. Completed demonstration trials with BHP and Thiess have advanced to Master Hire Agreement discussions and negotiations. Should these ongoing negotiations successfully conclude, the potential new EcoQuip MSLT & MSCT fleet growth opportunity could be up to ~200 – 300 units.

EcoQuip encourages all potential customers to trial all mobile solar light tower alternatives prior to making procurement decisions to highlight the significant competitive advantage benefits of the EcoQuip technology platform. During Q4 FY23, EcoQuip concluded demonstration trial deployments with McMahons, Pilbara Minerals, Core Lithium and NRW. The EcoQuip team is excited about the significant interest that the resource sector is developing in EcoQuip technology platform enabled equipment.

The Company looks forward to updating shareholders with new information when the relevant Master Hire Agreement negotiations and demonstration trial evaluation by potential and existing customers have concluded.

Wescone OEM Sample Crushers (100% owned)

The Company’s Wescone business is the 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 product feed acceptance capabilities.

Wescone sales for the Quarter were in accordance with the Company’s budget forecasts. The business continues to supply crushers and complete service exchange and repair activities for a broad Tier 1 resource sector client base in Australia, Africa and Canada.

Wescone African distributor and experienced sample system design & installation partner, SPA, deployed multiple Wescone proprietary crushers in Africa during FY23. Wescone management recently visited several mining operations in Africa to confirm the Wescone commitment to supply OEM crushers and repair services to African domiciled mining operations. Anglo American recently received multiple Wescone OEM crushers for installation at the company’s mining operations.

After several years of endeavour, the Wescone/SPA Africa distribution strategy is delivering growth and the Company is excited about the new growth potential from this sales channel.

ATEN Waste Heat to Power – Zero Emission Baseload Electricity Supply (100% owned)

The ATEN Waste Heat to Power technology is an industrial heat recovery / organic rankine cycle turbine system that recovers industrial waste heat otherwise vented to atmosphere to generate zero emission, base load electricity. The Company understands that the ATEN system is eligible for Safeguard Mechanism Credits (SMC) pursuant to the new SMC carbon abatement legislation in compliant installations. ATEN enjoys Australian Innovation Patent certification (AIP # 2020202347).

ATEN has a unique competitive advantage being capable of generating baseload, zero emission incremental electricity for a ~60% lower CAPEX and ~50% lower lifecycle cost compared to annual equivalent solar and wind installations.

ATEN is also compatible with and complimentary to existing solar / wind installations connected to remote off-grid and on-grid electricity networks by enhancing the efficiency of gas fuelled generation (+15-30%) necessary to support the reliability and stability of high penetration Renewables and battery storage enabled networks. Further, ATEN has the potential to reduce network requirements for incremental high-cost storage and complex ancillary support systems. In this circumstance the ATEN technical and business case is increasingly compelling.

Alternatively stated, ATEN installed on an OCGT power station supplying on-grid electricity has the potential to displace incremental gas fuel usage (reduced emissions) and/or the need for incremental solar / battery installations designed to generate and store electricity for nightly despatch (reduced CAPEX). The ATEN salient benefits include:

- Increasing OCGT power station efficiency reducing gas consumption and emissions by ~15 – 30%;
- A small site footprint providing for installation on an existing power station site footprint and using existing connection infrastructure significantly reducing approval timelines;
- Short construction period of 6 – 9 months;
- Low LCOE (<A\$55/MWh¹) and low marginal generation cost (~\$20/MWh);
- Materially reduce grid stability risks (providing baseload zero-emission, low-cost supply and system inertia); and
- Avoid potential transmission system upgrade CAPEX required to connect intermittent Renewables.

The ATEN Waste Heat to Power system also delivers robust, baseload zero emission generation to displace gas fuelled power generation in significant industrial precincts that vent a significant OCGT waste heat resource from compression and electricity generation (i.e.: LNG facility compression & power generation).

Further, installing an ATEN system on an existing OCGT peaking power station can convert a peaking station to achieve high efficiency and supply low-cost, baseload electricity to displace coal fuelled baseload supply and reduce generation equivalent carbon emissions by ~60%. Peaking power stations are significantly under-utilised sunk capital investments and converting these assets to >95% utilisation at efficiencies of between ~43% - 50% delivers the lowest cost CO₂ abatement available when displacing coal fired baseload generation.

HYTEN – Waste Heat to Hydrogen (100% owned)

Volt's HYTEN Waste Heat to Hydrogen system comprises the ATEN system integrated with either solid oxide, PEM or alkaline water electrolyser sub-systems to produce zero emission hydrogen fuel/feedstock gas. Engineering study activity to date has highlighted that HYTEN can produce zero emission hydrogen for a LOCH² of ~US\$2 – 3/kg. This is a ~60-70% lower cost than unsubsidised "Green Hydrogen" systems powered by new wind and/or solar renewable electricity generation.

The Volt Board remains excited about the potential of the HYTEN technology to facilitate existing LNG facility assets, natural gas pipeline compression stations and some power station assets to make a significant contribution to the energy transition by becoming low-cost, zero emission hydrogen producers by exploiting waste heat vented to atmosphere at existing energy infrastructure.

To compel the uptake of a zero-emission hydrogen industry, hydrogen must be delivered to markets for a price at least equivalent to traditional SMR hydrogen cost. The potential for the on-site use of HYTEN zero emission hydrogen to displace fossil fuel combustion or as a feedstock for higher value fertilizer and ammonia production is persuasive.

Corporate & Appendix 4C - Salient September Quarter Financial Information

The Company generated positive Operating Cashflow of ~\$0.35 million for the Quarter and held a cash balance of \$1.55 million as at 31 December 2023. Ordinary Revenue receipts totalled ~\$1.17 million.

Cash payments for the September Quarter totalled ~\$1.93 million comprising:

- Research & Development and IP - \$0.33 million
- Staff Costs - \$0.25 million
- Manufacturing Costs - \$1.15 million
- Admin, Legal & Other Costs (net) - \$0.20 million

Related Party payments for Director services for the Quarter totalled \$69,652 (incl. GST) representing 1-months Executive Chairman fees & ~3-months NED fees.

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

The 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 either an alkaline, PEM or solid oxide 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** (100%) – 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 storage solution and an advanced power management, data telemetry & control system.

EcoQuip solutions are capable of zero emission, high performance mobile illumination, LTE, Wi-Fi mesh and point to point microwave network reinforcement and environmental monitoring and surveillance.

- **Acquisition / Development Strategy** – The Company actively pursues opportunities to expand its broader zero emission power generation and contract services capability, high yield infrastructure asset footprint & innovative equipment solutions.

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)¹ up to ~50% lower than gas and ~80% lower than diesel generation;
- LCOE¹ ~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;
- Safeguard Mechanism Credit legislation eligibility; and
- Zero water & operational personnel requirements

The ATEN system is eligible for Safeguard Mechanism Credits (SMCs) in certain circumstances pursuant to Australia's new Safeguard Mechanism legislation designed to reduce greenhouse gas emissions at Australia's large industrial, resource and energy sector asset fleet.

1 Levelised Cost of Energy (LCOE) is based on new ATEN zero emission capacity and operating costs and variable costs of fuelled generation (where relevant) in the WA Pilbara region and the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life including SMCs (\$25/SMC) and Solar RECs (\$35/REC) as applicable.

2 Levelised 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")

31 December 2023

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	1,165	4,376
1.2 Payments for		
(a) research and development	(182)	(617)
(b) product manufacturing and operating costs	(239)	(454)
(c) advertising and marketing	(69)	(145)
(d) leased assets	(79)	(231)
(e) staff costs	(253)	(896)
(f) administration and corporate costs	(259)	(788)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	23
1.5 Interest and other costs of finance paid	(9)	(48)
1.6 Income taxes refunded/(paid)	-	-
1.7 Government grants and tax incentives	265	265
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	345	1,485

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 or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(915)	(1,491)
(d) investments	-	-
(e) intellectual property	(148)	(560)
(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	(10)	(16)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,073)	(2,067)
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	(37)	(146)
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	(37)	(146)

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	2,312	2,275
4.2	Net cash from / (used in) operating activities (item 1.9 above)	345	1,485
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,073)	(2,067)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	(146)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,547	1,547

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	1,547	2,312
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)	1,547	2,312

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	70
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 \$11,000 (incl. GST) were paid to Isapia Pty Ltd, a company related to Mr Simon Higgins, representing 3 months' non-executive directors' fees.

Payments totalling \$14,652 (incl. GST) were paid to Torre Corporate, a trust related to Mr Peter Torre, representing 4 months' non-executive directors' fees.

Payments totalling \$11,000 (incl. GST) were paid to Sackville Reach Pty Ltd, a company related to Mr Paul Everingham representing 3 months' non-executive directors' fees.

Payments totalling \$33,000 (incl. GST) were paid to Renewable Initiative Pty Ltd, a company related to Mr Adam Boyd, representing 1 month's Executive Chairman 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)	3,000	397
7.4 Total financing facilities	3,000	397
7.5 Unused financing facilities available at quarter end		2,603
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 \$0.397 million.</p> <p>The current interest rates that apply to the above facilities range from 6.21% to 6.36%.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	345
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,547
8.3 Unused finance facilities available at quarter end (item 7.5)	2,603
8.4 Total available funding (item 8.2 + item 8.3)	4,150
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?	
<div style="border: 1px solid black; padding: 5px; min-height: 20px;"> Answer: Not applicable </div>	
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?	
<div style="border: 1px solid black; padding: 5px; min-height: 20px;"> Answer: Not applicable </div>	

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 January 2024

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.