



19th July 2017

**ASX Announcement
Proposed Acquisition of WindTurbine Pty Ltd**

- **Axxis Technology to enter the expanding multi-billion renewables energy sector through acquisition of WindTurbine Pty Ltd**
- **Over the next five years, the IEA expects renewables will remain the fastest-growing source of electricity generation**
- **In China, which accounted for about half the wind additions and 40% of all renewable capacity increases, two wind turbines were installed every hour in 2015.**
- **WindTurbine's flagship product, the HelicV6 small scale wind vertical turbine, developed for residential and business applications**
- **Windturbine was selected in the top 100 new energy companies by 2016 New Energy Global Start-up Fest.**
- **WindTurbine seeking to install its system alongside solar renewable to provide continuous coverage**

Axxis Technology Limited (ASX: AYG) (**Axxis**) is pleased to announce that it has entered into a term sheet to acquire (**Acquisition**) 100% of Australian micro wind turbine developer, WindTurbine Pty Ltd (**WindTurbine**).

The Acquisition will see Axxis transition into the renewable energy sector which has enjoyed exponential growth in recent years.

Global Renewable Energy Growth

The International Energy Agency's (IEA) Medium-Term Renewable Market Report has highlighted that led by wind and solar, renewables represented more than half the new power capacity around the world in 2015. About half a million solar panels were installed every day around the world last year. In China, which accounted for about half the wind

additions and 40% of all renewable capacity increases, two wind turbines were installed every hour in 2015.

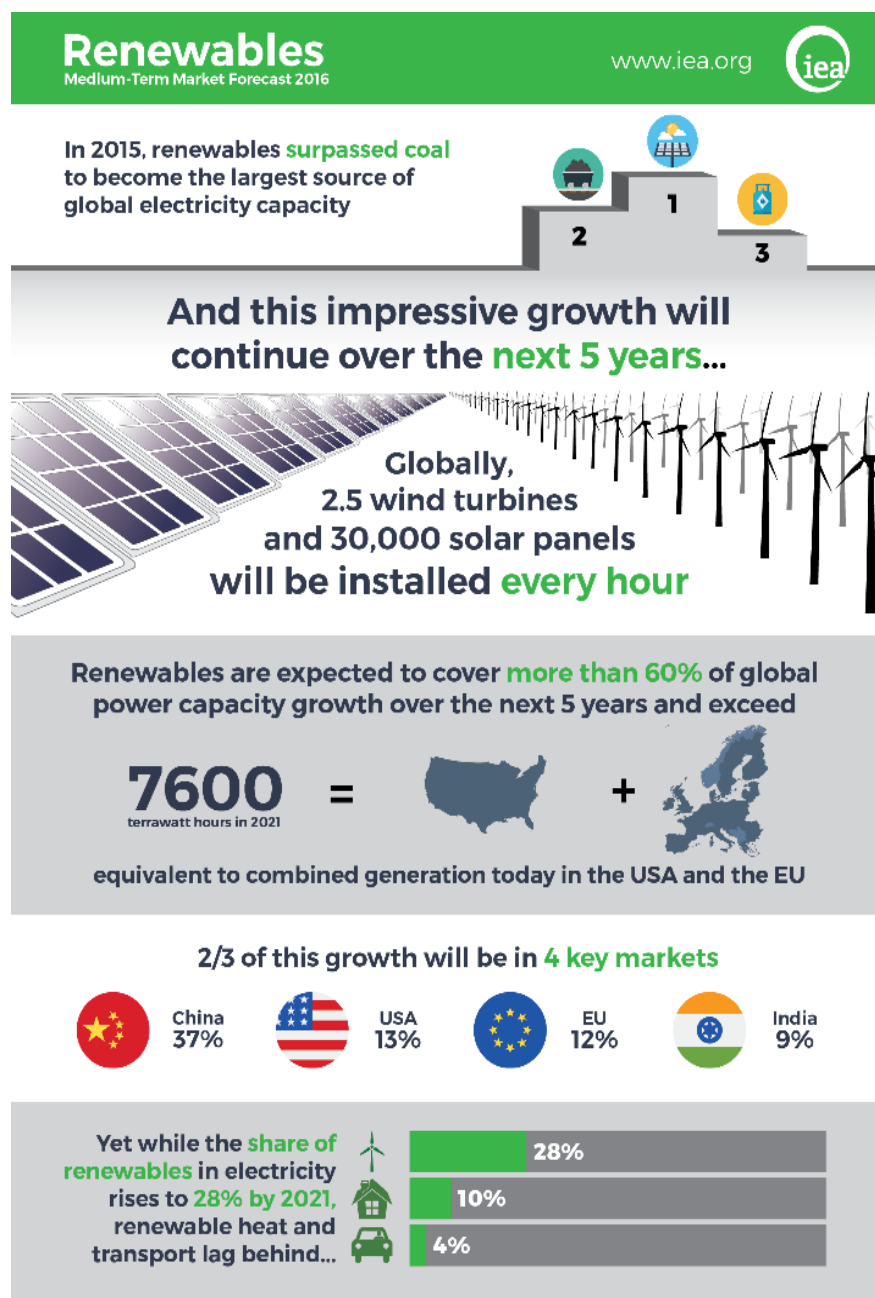


Figure 1: Medium Term 2016 Market Outlook (Source: International Energy Agency)

Over the next five years, the IEA expects renewables will remain the fastest-growing source of electricity generation, with their share growing to 28% in 2021 from 23% in 2015. China alone is responsible for 40% of global renewable power growth, but that represents only half of the country's electricity demand increase. This is in sharp contrast with the European Union, Japan and the United States where additional renewable generation will outpace electricity demand growth between 2015 and 2021.

WindTurbine has leveraged itself to the material growth expected in the renewable energy sector and will target global markets.

About Windturbine Pty Ltd

WindTurbine has been conducting research and development for some 2 years in the micro wind space and has developed a number of vertical micro wind turbine designs. WindTurbine is now finalising in-field testing, with products scheduled to be ready for market sales during Q3 of 2017.

The Acquisition will provide the required funds to commercialise WindTurbine's products which consist of off and on grid power solutions for both residential and commercial installations, and off grid wind powered water pumping solutions.

Importantly, WindTurbine's products and systems are designed to operate successfully in low wind conditions and can work alongside solar systems, thereby providing consumers with a 24/7 renewable energy solution.



Figure 2: WindTurbine's HelicV6 product

Increased energy costs combined with improvements in clean energy technologies has seen a global surge in renewable investment in recent years. Australia is a large user of small-scale residential solar energy. There are now approximately 2.6 million small-scale renewable systems in nearly 15 per cent of Australian homes, and WindTurbine expects coastal energy consumers to take to small-scale wind turbines as they have done to solar panel systems.

The Australian Government's Renewable Energy Target (RET) scheme plans to double the amount of large-scale renewable energy being delivered by the scheme compared to current levels and means that about 23.5 per cent of Australia's electricity generation in 2020 will be from renewable sources.

WindTurbine has been working in collaboration with the University of Western Australia through its testing of its wind turbine designs and will continue to collaborate with the university for ongoing blade efficiency design. WindTurbine will also be participating in a commercialisation program commencing in September in conjunction with the Centre for Entrepreneurial Management and Innovation and the University of Western Australia.

In 2016, WindTurbine was selected in the top 100 new energy companies by New Energy Global Start-up Fest. The company also received a number of awards from the City of Wanneroo which included 2016 Runner Up Best Business Small & Home Based, 2016 Runner Up Start Up Of The Year and 2016 Runner Up Innovator Of The Year.

More details of WindTurbine and its products can be found at: www.windturbine.com.au

Deal Terms

Axxis will acquire 100% of Windturbine Pty Ltd (**WTL**) and its business and assets in a reverse takeover transaction (**RTO**) in exchange for the issue of \$1.5m in ordinary shares of Axxis to the shareholders of WTL.

In addition, Axxis will issue further stock to the shareholders of WTL upon the achievement of revenue and EBITDA related milestones to the extent that they are achieved with a certain time frame. In order to assist with working capital, Axxis has agreed to lend WTL \$200,000. Such funds shall be deployed principally to order longer lead manufacturing items, support near term sales, continue R&D work, secure IP and retire existing debt.

As part of the RTO process, it is anticipated that Axxis will raise a minimum of A\$4.0m at a minimum of A\$0.05 under a full form prospectus.

The deal is subject to a due diligence period which is to be completed by 15th September, 2017.

Completion of the Acquisition is also subject to the following conditions:

- a. Axxis shareholder approval to the transaction;
- b. Successful completion of the RTO Capital Raising; and
- c. ASX confirming re-compliance with chapters 1 and 2 of the ASX Listing Rules (if required) and allowing recommencement of trade.

Justyn Stedwell

Company Secretary

Phone: 03 9 191 0135