

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

3 August 2020

Volt Power – Q2 CY20 Operational Activity Update

Highlights

ATEN Waste Heat to Power (100% owned)

- Volt's ATEN Waste Heat to Power Technology generates baseload, zero emission power utilizing industrial waste heat at ~40% lower LCOE¹ compared to an equivalent Solar Hybrid installation.
- ~350MW+ of ATEN retro-fit potential exists in Volt's home WA market which is generation equivalent to a ~1,100MW (AC) Solar installation.
- Volt successfully advanced Stage 1 of a two-stage feasibility study to install a 14MW ATEN Waste Heat to Power solution at an existing power station located in Western Australia (WA ATEN Feasibility Study) – completion forecast August 2020.
- The Volt Board is confident the Stage 1 feasibility study results will confirm the significant technical, cost and value benefits of the ATEN Technology compared with an equivalent zero emission Solar Hybrid installation.
- GenusPlus Group and Volt continue to mature the ATEN Waste Heat to Power EPC project delivery arrangements and together, complete the WA ATEN Feasibility Study installation cost estimates. The WA headquartered GenusPlus Group owns a significant national power and communications infrastructure businesses with ~500 employees. GenusPlus is also a substantial shareholder of Volt (5.1%).
- The Company is continuing to work with potential customers that operate facilities generating extensive waste heat resources to confirm the significant ATEN Technology opportunity.
- In July 2020, Volt prepared and lodged an Australian Innovation Patent Application over certain unique design innovations that comprise the ATEN Technology to complement our existing patent filings.

Wescone Crushers (100% owned)

- BHP and Wescone have finalized a new Purchase Service Exchange Repair Contract to supply and service the new and Innovative Wescone W300 Series 4 crusher (BHP Contract) subject to signing. BHP Contract signing is imminent.
- The BHP Contract provides for the replacement of ~20 existing installed crushers with new Wescone W300 Series 4 crushers and provides for the exclusive provision of service exchange and repair services by Wescone to BHP for 5-years.
- Wescone has forecast that average annual sales and service revenues generated over the BHP Contract term will be ~\$1.4 million.

¹ Levelised Cost of Energy (LCOE) calculated based on ARENA methodology using 8% discount rate.

- The Volt Board is delighted to finalise the terms and conditions for the supply and service its new and innovative Wescone W300 Series 4 crusher to BHP. Once signed, this milestone will demonstrate Volt management's ability to develop innovative, technically viable and commercially valuable equipment solutions.
- The Wescone W300 Series 4 crusher performance capability and feed acceptance specifications are significantly enhanced relative to the earlier Wescone W300 Series 2 & 3 crushers currently used at BHP's Pilbara operations. These enhancements include a dimensional feedstock acceptance increase of 60% and 40%+ improvement in critical component strength and availability performance.
- Wescone is also engaged in discussions with other iron ore industry parties for the supply and ongoing service of the Wescone W300 Series 4 Crusher. These discussions are incomplete.
- Wescone was purchased by Volt in H1 2018. The new W300 Series 4 crusher development was initiated after BHP advised Volt in H2 2018 that it had completed a trial of the Wescone W300 Series 3 crusher in 2015/16 (prior to Volt acquisition) and raised significant deficiency issues with the Wescone vendor at that time. Further, that BHP had advised the Wescone Vendor that the W300 Series 3 crusher was 'no longer a technically viable solution' for BHP.
- BHP also advised the Wescone vendor in 2016 (prior to Volt acquisition) that it had requested the Wescone vendor to develop an alternative crushing solution to displace the Wescone W300 crushers owned by BHP. The above information was not disclosed to Volt by the Wescone vendor prior to acquiring Wescone in early 2018 and is the subject of continuing legal proceedings. The scheduled court trial dates are 6 October to 15 October 2020.

EcoQuip Mobile Solar Light & Comms Towers (~57% owned)

- EcoQuip has developed an innovative Mobile Solar Light Tower (MSLT) and Mobile Solar Communications Tower (MSCT) solution with the reliability and power budget to out-perform and displace diesel fueled light towers and provide "best in class" mobile W-Fi mesh network reinforcement tower for autonomous mining systems respectively.
- Use of MSLT / MSCT type equipment in the EcoQuip target resources and construction markets in Australia and USA is extensive with thousands of units deployed.
- The EcoQuip MSLT is a disruptive, zero emission, zero OPEX, zero maintenance & zero refueling solution and provides for Scope 1 emission reduction and a compelling cost / value proposition to potential customers. The EcoQuip revenue model comprises a monthly rental tariff that is ~50% cheaper than the combined hire and OPEX costs of mobile diesel fueled light towers.
- The EcoQuip MSLT / MSCT has been developed and designed in partnership with US military equipment fabrication & electronics manufacturers and software developers. Additional salient features of the EcoQuip solution include robust build quality and ability to integrate with autonomous & data analytics systems.
- EcoQuip's key MSLT & MSCT demonstration trial customers comprising BHP, Chevron and Thiess Contracting have engaged long term supply discussions subject to trial conclusion. All existing trial & hire arrangements with these customers have been expanded.
- The initial EcoQuip MSLT Gen4 trial at the Chevron operated Gorgon LNG Project on Barrow Island, WA was successful. Chevron have requested some minor, site-specific design modifications which have been agreed and are now being manufactured for a short trial planned for September 2020.
- In early July 2020, EcoQuip was awarded the 2020 Chevron Harry Butler Environment Award for the EcoQuip MSLT Gen4 the subject of the Barrow Island site trials.
- In June 2020, the EcoQuip Board approved the manufacture of an additional 20x EcoQuip MSLT units. Associated procurement activities in partnership with our USA domiciled supply chain partners

commenced in late June 2020.

- Thiess Contracting were supplied a further two MSCT Gen4 hire units to integrate into their existing autonomous drilling systems at the Lake Vermont Coal mine in Qld in June 2020. Thiess was recently awarded a 5-year contract extension at Lake Vermont and has committed to the expansion of autonomous activities at the mine.
- Volt has recently increased its ownership of EcoQuip from 55% to 57% providing new equity funding to conclude development of the updated EcoQuip MSLT / MSCT Power Management & Telemetry Controller (EPMTC) and to part fund the aforementioned manufacture of 20x new MSLT Gen4 units.
- EcoQuip achieved 60% utilization of its existing 45x Mobile Solar Light Tower (MSLT) and Mobile Solar Comms Tower (MSCT) fleet during Q2 2020.

Appendix 4C – Salient June Quarter Financial Information

- The Company held a cash balance of ~\$0.8 million at 30 June 2020
- Cash payments for the June Quarter totaled ~\$0.55 million comprising:
 - Research & Development and Intellectual Property - \$0.09 million
 - Staff Costs - \$0.08 million
 - Manufacturing, Admin & Other Costs - \$0.38 million
- Volt has forecast that group revenues during H2 CY2020 will exceed \$1.25 million
- Related Party payments totaled \$7,830 comprising Non-Executive Director fees of \$7,830 and CEO & Managing Director fees of Nil.

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 and deliver annuity earnings growth for Volt.

Business Activity Summary

The activities of our businesses include:

- **ATEN** (100%) – ATEN is a zero-emission waste heat to zero emission 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 higher dimensional acceptance and durability capability;

- **EcoQuip** (~57%) – a developer and owner of a ‘best in class’ Mobile Solar Lighting & Communications Tower equipment solution incorporating robust design attributes including military spec design & build quality, solar / lithium (LFP) battery and storage solution and advanced power management, data telemetry / analytics & control system capable of LED lighting, Wi-Fi LTE mesh repeater, microwave, environmental monitoring and CCTV technology retro-fit; and
- **Acquisition / Development Strategy** - the expansion of 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% - 40% 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
- Low CAPEX, Zero water & operational personnel requirement

* LCOE is based on new fueled capacity installed (where relevant) and the ARENA LCOE calculation methodology @ 5% discount rate and 20-year project life.

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 June 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 239 | 366 |
| 1.2 Payments for | | |
| (a) research and development | (40) | (118) |
| (b) product manufacturing and operating costs | (53) | (76) |
| (c) advertising and marketing | - | (17) |
| (d) leased assets | - | - |
| (e) staff costs | (86) | (206) |
| (f) administration and corporate costs | (287) | (400) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | (4) | (8) |
| 1.6 Income taxes paid | (4) | (30) |
| 1.7 Government grants and tax incentives | 61 | 211 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (174) | (278) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | (44) | (157) |
| | (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 | (44) | (157) |

| | | | |
|-------------|---|-------------|-------------|
| 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 | (34) | (57) |
| 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 | (34) | (57) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 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 | 1,048 | 1,288 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (174) | (278) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (44) | (157) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (34) | (57) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 796 | 796 |

| | | | |
|------------|---|----------------------------|-----------------------------|
| 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 | 796 | 1,048 |
| 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) | 796 | 1,048 |

| | | |
|--|---|----------------------------|
| 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 | 8 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <p>Payments totalling \$4k (excl. GST) were paid to Isapia Pty Ltd, a company related to Mr Simon Higgins, for non-executive directors' fees.</p> <p>Payments totalling \$4k (incl. GST) were paid to Torre Corporate Pty Ltd, a company related to Mr Peter Torre, for non-executive directors' fees.</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) | - | 170 |
| 7.4 Total financing facilities | - | 170 |

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

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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) | (174) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 796 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 796 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 5 |

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: 3 August 2020

Authorised by: By the Board of Volt Power Group Limited

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.