

ASX CODE: VPR

BOARD

Simon Higgins
Non-Executive Chairman

Adam Boyd
CEO & Managing Director

Peter Torre
Non-Executive Director

ISSUED CAPITAL

6,194M Ordinary Shares
390M Unlisted Options

PRINCIPAL OFFICE

1 Channel Close,
Henderson WA 6166
PO Box 7306,
Spearwood WA 6163

REGISTERED OFFICE

Unit B9, 431 Roberts Road,
Subiaco WA 6008

CONTACT

Mr Adam Boyd
CEO & Managing Director

P: + 61 8 9437 4966
M: +61 439 888 103
E: info@voltpower.com.au

www.voltpower.com.au
(under construction)

ASX ANNOUNCEMENT

18 December 2017

VOLT TO ACQUIRE WESCONE AND 50% ECOQUIP INTEREST \$4.75M CAPITAL RAISING OVER SUBSCRIBED

Highlights

- Volt to acquire 100% of Wescone – WA based manufacturer and supplier of proprietary sample crushing equipment to the resources sector with a 25-year successful track record
- Wescone sample crushers (~280) operating globally, ~60% installed at the ROM & Port infrastructure of Pilbara iron ore majors
- Significant opportunities exist to grow the Wescone footprint into new Pilbara iron ore expansion projects, overseas and other industry sectors
- Wescone crusher sale and service business model to transition to a serviced equipment rental business model
- Volt to acquire and subscribe for 50% of EcoQuip Australia – developer and owner of Mobile Solar / Lithium-Ion battery LED lighting towers (MSLT)
- EcoQuip owns a fleet of 25 MSLTs deployed under rental contract to Thiess Contracting, NRW and John Holland
- The EcoQuip MSLT has significant growth potential with the opportunity to ‘disrupt’ the diesel fueled lighting tower market – zero fuel and oil, zero maintenance, zero emissions
- The MSLT has robust ‘resource sector ready’ design features that include automated lighting control, GPS, Wi-Fi repeater and CCTV retro-fit capacity for integration with autonomous mining systems
- Oversubscribed \$4.75M private placement of 1.9Bln Volt Shares at an issue price of \$0.0025 per Share

Waste heat to power technology and aspiring infrastructure asset/equipment owner, Volt Power Group Limited (Volt or Company), is pleased to announce that it has entered into agreements to acquire:

- (1) 100% of Wescone Distribution Pty Ltd (**Wescone**), a leading manufacturer and supplier of proprietary sample crushing equipment – predominantly to the global iron ore industry; and
- (2) 50% of EcoQuip Australia Pty Ltd (**EcoQuip**), a leading manufacturer and supplier of Mobile Solar / Li-Ion battery enabled LED lighting, Wi-Fi repeater and CCTV tower solutions.

Volt’s CEO and Managing Director, Mr Adam Boyd said:

“We are delighted to confirm that the Company has reached agreement to acquire 100% of Wescone and 50% of EcoQuip. The combination of these

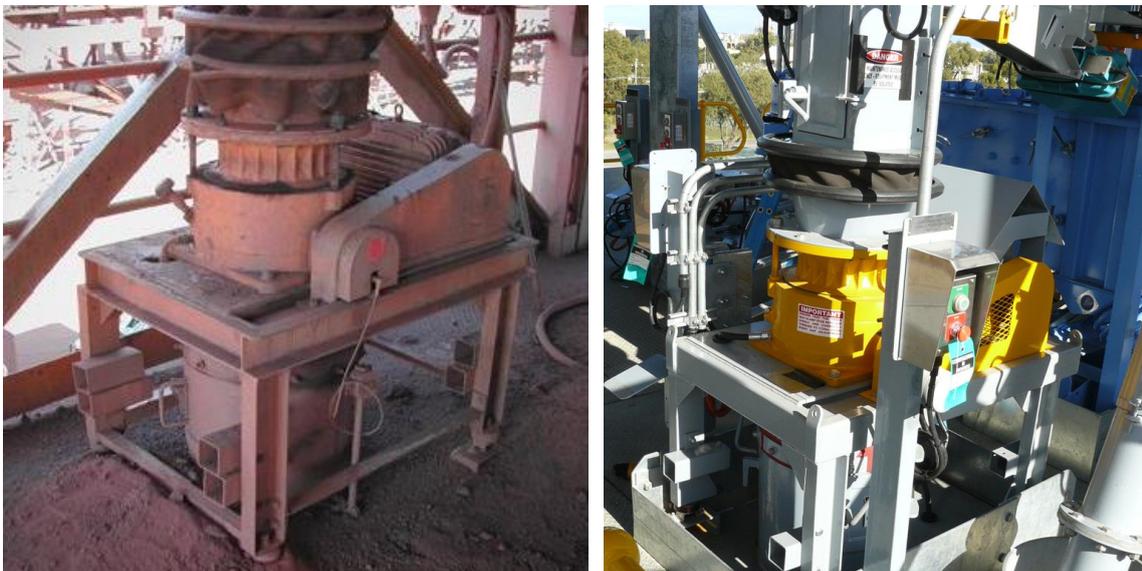
acquisitions will transform our Company into a cashflow generating supplier of innovative equipment solutions whilst at the same time improve the capacity of the business to deliver on the significant opportunity to commercialise and roll-out our ATEN Technology 'waste heat to power' solution.

"Both acquisitions are aligned with the Company strategy of creating shareholder value through the expansion of our power generation and infrastructure-type equipment footprint in resource sector markets. Wescone and EcoQuip are both proprietary owners of innovative, 'in house' developed equipment solutions successfully servicing the resources sector.

"We are excited about the competitive advantage characteristics of both the Wescone W300 crusher and EcoQuip MSLT solutions. These characteristics accord directly with our ATEN 'waste heat to power' zero emission electricity supply technology development and commercialisation activities. The Board believes that the relationships, capability and expected cashflow contribution from both the Wescone and EcoQuip businesses are highly complementary to our ATEN commercialisation endeavours.

The Wescone Business

Wescone is a unique, WA based business with a successful 25-year track record of development, manufacture and supply of proprietary sample crushers to some of the world's largest mining companies. Wescone's primary activity consists of the supply and maintenance service of its electrically powered W300 sample crusher. The W300 was originally developed for the WA iron ore industry and is extensively deployed throughout the operations of BHP, Rio Tinto and other significant mining operations in Australia and overseas.



The Wescone W300 sample crusher has numerous positive performance characteristics providing for its extensive use throughout the Pilbara iron-ore industry. These include:

- best in class single pass reduction ratio;
- high throughput performance;
- low mass achieving ease of installation and maintenance performance;
- high availability and reliability – low normalised life-cycle maintenance costs; and
- reliable, prompt and consistent ongoing service and supply from Perth domiciled workshop facilities.

Wescone's existing customers include BHP, Rio Tinto, Iscor, FMG, MIM, BGC, BHP Nickel West, Port of Esperance and Hancock Prospecting (Roy Hill).



The Wescone founder, Perth businessman Mr Kim Ledger, has commenced the transition of the business from an equipment sale and service business model to a recurring revenue 'serviced equipment rental' business model. This transition will ensure that Wescone is positioned to continue to deliver long-term, high quality crusher supply, reliable service and the incremental product development of the W300 sample crusher for Wescone domestic and international customers.

The Company aims to expand Wescone's existing footprint into new Pilbara iron ore expansion projects, overseas and other industry sectors.

Commercial terms of the Wescone Acquisition

The Company has entered into a binding sale and purchase agreement to acquire 100% of the issued capital of Wescone (**Wescone Acquisition**). Completion of the Wescone Acquisition is subject to the satisfaction and/or waiver of certain conditions precedent (detailed below).

The total consideration payable by the Company for the Wescone Acquisition is as follows:

(a) upfront consideration of \$5.0 million comprising:

- (i) \$0.25 million via the issue of 100 million Shares in the Company @ \$0.0025 per Share at completion; and
- (ii) \$4.75 million in cash, to be paid as follows:
 - A. a \$0.20 million non-refundable deposit (which has been paid); and
 - B. the remainder to be paid at completion, being \$4.55 million (such funds to be derived from the proceeds of the Capital Raising); and

(b) a royalty arrangement pursuant to which the Wescone vendor has been granted:

- (i) a 25% royalty on all gross revenue received by Wescone exceeding \$2 million per annum (**Primary Royalty**) expiring on the earlier of total Primary Royalty payments reaching \$6 million or the 10th anniversary of completion of the Wescone Acquisition; and
- (ii) a 2% royalty on all gross revenue received by Wescone exceeding \$2 million per annum commencing on expiry of the Primary Royalty and ceasing on the 15th anniversary of completion of the Wescone Acquisition.

The cash consideration payable will be subject to a post completion working capital adjustment. The working capital adjustment is structured to ensure that on 31 December 2017, Wescone will have a minimum working capital amount of \$0.45 million.

The working capital adjustment also provides for the net trade debtor and creditor position to be nil and

that Wescone will have no liabilities (other than trade creditors and outstanding employee entitlements) as at 31 December 2017. The Wescone business has achieved average annual historical revenue and EBIT of approximately \$1.1 million and \$0.6 million respectively over the 5-year period to 30 June 2017.

Completion of the Wescone Acquisition is subject to a number of conditions precedent, including but not limited to the Company obtaining the required shareholder approvals and completion of the Capital Raising (refer below). Mr Kim Ledger, will remain as an executive director of Wescone following completion of the Wescone Acquisition.

Shareholder Approvals

The Wescone Acquisition constitutes a change to the nature and scale of the Company's activities and the Company will need to obtain shareholder approval pursuant to ASX Listing Rule 11.1.2. The Company is not required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company will shortly dispatch a notice of meeting to convene a meeting of shareholders, to be held on or around 22 January 2018, to consider the necessary resolutions to proceed with the Wescone Acquisition. The notice of meeting that will be sent to shareholders will include further information on the relevant risks associated with the Wescone Acquisition and operations of the Company and Wescone.

The Company anticipates that, subject to shareholder approval, completion of the Wescone Acquisition will occur on or around late January 2018.

The EcoQuip Business

The Company has also entered into binding agreements to acquire a 50% interest in EcoQuip. EcoQuip is a privately-owned, WA business established in 2010 and its primary activity comprises the design development, manufacture, supply and service of a mobile solar/battery powerbox trailer incorporating a robust military specification, retractable tower for LED lighting, Wi-Fi repeater and CCTV retro-fit (**MSLT**).

EcoQuip has pursued a vigorous product development program over the past 6 years culminating this year in a fourth generation (Gen4) 'best in class' Solar / Li-Ion battery powered LED lighting solution. The first Gen4 MSLT units will be completed for deployment in January 2018.



At present, EcoQuip has a fleet of 25 MSLT LED lighting towers deployed under rental contract with resource sector businesses including Thies Contracting, NRW and John Holland.



The Company believes that:

- the EcoQuip MSLT LED solution has outstanding potential for footprint growth via displacing diesel lighting tower equipment in a number of markets; and
- the MSLT has numerous competitive advantage characteristics including zero fuel and oil requirements, zero servicing requirements, automated LED illumination, unskilled operator compatible, zero exhaust, noise and carbon emissions.

Following completion of the EcoQuip Investment, the Company aims to:

- expand the existing fleet of 25 MSLT to be deployed under rental contracts; and
- develop and establish a Wi-Fi repeater / CCTV enabled MSLT fleet to become a serviced rental equipment supplier to support autonomous mining activities.

Commercial terms of the EcoQuip Investment

The Company has entered into binding agreements pursuant to which the Company will acquire a 50% interest in the total issued share capital of EcoQuip (**EcoQuip Investment**).

In consideration for acquiring a 50% interest in EcoQuip, the Company will:

- (a) issue the founder of EcoQuip such number of Shares having the value of \$0.15 million (based on the lesser of the 5-day VWAP of Shares prior to completion or \$0.003 per Share); and
- (b) pay \$1.0 million to EcoQuip in consideration for the subscription of new EcoQuip shares.

EcoQuip's founder, Mr David Sharp, will continue as EcoQuip General Manager.

Shareholder approval is not required for the EcoQuip Investment and the Company anticipates that completion of the EcoQuip Investment will occur on or around 22 December 2017.

Board Changes

The composition of the Board will not change as a result of the Wescone Acquisition and the EcoQuip Investment.

Capital Raising

The Company is also pleased to announce the completion of a successful bookbuild for its private placement of new fully paid ordinary shares in the Company (**Shares**).

The placement was oversubscribed and strongly supported by both existing and new professional and sophisticated investors and the Company has received commitments for 1.9 billion Shares at an issue price of \$0.0025 to raise \$4.75 million (**Capital Raising**). Proceeds from the Capital Raising will be utilised to:

- fund the consideration requirements for the Wescone Acquisition; and
- permit the Company to maintain sufficient working capital following completion of the Wescone Acquisition to continue with the ATEN commercialisation and 'roll out'.

Persons associated with ECM Pty Ltd (**ECM Parties**) and Volt CEO, Mr Adam Boyd, the largest shareholders of the Company, have committed to subscribing for an aggregate of \$0.87 million under the Capital Raising, demonstrating their continued support for the Company. The issue of shares to the ECM Parties and Mr Adam Boyd (or their nominees) will be subject to the Company obtaining shareholder

approval at a general meeting to be held on or around 22 January 2018.

Managing Director Mr Adam Boyd noted that the fully subscribed Capital Raising represents an outstanding endorsement of the Company's acquisitions and ATEN commercialisation strategy.

"We anticipate that post completion of the Wescone Acquisition and EcoQuip Investment, the Company will have approximately \$1.4 million in cash reserves for future working capital purposes and to advance the Company's ongoing commercialisation strategy for the ATEN Technology."

Pro-Forma Capital Structure

Following the completion of the Capital Raising, the Wescone Acquisition and the EcoQuip Investment, the indicative effect on the Company's capital structure will be as follows:

Description	Number of Shares	Number of Options
Existing Capital Structure	6,194,533,558	390,000,000
EcoQuip Investment	50,000,000	-
Wescone Acquisition	100,000,000	-
Capital Raising	1,900,000,000	-
Total	8,244,533,558	390,000,000

Indicative Timetable

The table below details the timetable for the completion of the EcoQuip Investment, general meeting of shareholders and completion of the Wescone Acquisition.

Event	Date
Completion of EcoQuip Investment	22 December 2017
Dispatch of Notice of General Meeting	22 December 2017
General Meeting held to approve Wescone Acquisition and Capital Raising	22 January 2018
Completion of Capital Raising	23 January 2018
Completion of Wescone Acquisition	25 January 2018

Next Steps and the Company's Future

The Company's immediate next steps will comprise the performance of all activities associated with the completion of the Wescone Acquisition, EcoQuip Investment and the ATEN Feasibility Study. The Company will also seek to pursue its planned strategic growth objectives, for each of its businesses interests.

The Company intends to:

- continue with the Company's activities to commercialise and "roll-out" the ATEN Technology;
- continue the Company's activities in relation to the expansion of its power generation footprint through the development and/or acquisition of micro-grid power supply solutions and other power generation assets that can further the exploitation and roll-out of the ATEN technology; and

subject to the completion of the Wescone Acquisition, EcoQuip Investment and Capital Raising, the Company will also partner with the relevant vendor to:

- expand the Wescone W300 crusher footprint into new and existing customer project opportunities;
- effect the transition to the Wescone serviced rental contract business model based on time and performance from the historical sale and service business model; and
- expand the EcoQuip MSLT (Gen4) LED lighting, Wi-Fi repeater/CCTV fleet and related deployment under rental contract into the resource sector and other markets.

End

About Volt

Volt Power Group Limited (ASX: VPR) is a power generation technology and infrastructure asset / equipment developer and owner.

The company is primarily focused on:

- the enhancement and commercialisation of its **ATEN Technology** - a low emission waste heat to electricity generation solution; and
- the expansion of its broader renewable and low emission power generation and infrastructure asset / equipment footprint.

ATEN Technology comprises a modular, power generation equipment package capable of harvesting 'low' grade industrial waste heat to generate zero emission 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 generally vents 'low' grade waste heat to atmosphere. The quantity of unexploited waste heat created by global industry 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. Volt's priority target markets for the commercialization of the ATEN Technology include the resources and industrial processing sectors.

Volt's largest shareholder is **ECM Pty Ltd (ECM)**. **ECM** is one of Australia's largest, privately owned construction and maintenance companies servicing clients in the mining, oil and gas, infrastructure and power generation sectors. The business has a national footprint with extensive project execution and delivery capability having completed the construction and commissioning of power stations and processing infrastructure across mainland Australia for 30+ years.

The Company's office is co-located at the ECM headquarters and fabrication facility - 20kms south of the Perth CBD in Henderson, Western Australia.