

**ASX CODE:** VPR

## BOARD

**Simon Higgins**  
Non-Executive Chairman

**Adam Boyd**  
CEO & Managing Director

**Peter Torre**  
Non-Executive Director

## ISSUED CAPITAL

8,245M Ordinary Shares  
390M Unlisted Options

## PRINCIPAL OFFICE

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PO Box 7306,  
Spearwood WA 6163

## REGISTERED OFFICE

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CEO & Managing Director

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## ASX ANNOUNCEMENT

28 February 2019

### Volt Power - 2018 Full Year Activity Report

#### Highlights

##### *ATEN Technology (100% owned)*

- ATEN 'Waste Heat to Power' technology flow sheet redesign completed in 2018 has delivered a total 80% increase in estimated system efficiency in both water & air-cooled ATEN variants
- The ATEN technology is now deployment ready and capable of supplying zero emission electricity at a lower cost than traditional diesel and gas fueled generation solutions
- The Company's WA Goldfields ATEN Project negotiations are now subject to the mine owner completing a new processing plant expansion study. The Company is working with the existing IPP to include an ATEN as part of a new expanded power supply solution
- ATEN technology briefings and proposals to several resource companies and IPPs occurred during the period. Positive engagement including optimal technical and commercial discussions are ongoing

##### *EcoQuip (50% owned)*

- EcoQuip achieved 75% utilization of its existing Mobile Solar Light Tower (MSLT) fleet during 2018
- EcoQuip established all initial USA domiciled manufacturing supply chain arrangements and implemented prototype design changes during H2 2018. 16 new MSLT Gen 4 units were manufactured and assembled
- 14 new MSLT Gen4 units were shipped to Australia for arrival in March 2019. 2 remain in the USA for market demonstration purposes
- Plans are now advanced for the manufacture of a further 21 MSLT Gen4 units in July 2019 to add to the EcoQuip hire fleet
- EcoQuip has advanced to near completion a national cross-hire alliance to deploy the MSLT Gen4 across national road construction and traffic markets
- MSLT Gen4 pricing structure confirmed to deliver a compelling 50% (approx.) cost saving relative to diesel-fueled solutions used throughout the resource and road traffic markets.

##### *Wescone (100% owned)*

- Wescone continues to generate surplus cashflow
- As previously advised, Volt filed a Writ against the Wescone vendor seeking damages for breach of contract and/or that the sale agreements are void for misleading and deceptive conduct

Contract supplier of innovative equipment solutions, Volt Power Group Limited (Volt or Company) today released its 2018 Full Year Activity Report & Appendix 4E – Preliminary Final Report. Volt’s CEO & Managing Director, Mr Adam Boyd said;

“The Volt Power Board is pleased to provide shareholders with an update of the Company’s activities for 2018 and the Company’s 2018 Full Year Result.

## **ATEN Technology (100% owned) – Revised Flowsheet Complete & Development Focus**

“The ATEN technology (Patent Pending) was the subject of a significant enhancement program to maximise the ATEN value proposition during 2018. The ATEN flowsheet was simplified from double to single stage generation and new equipment was integrated in to design to enhance waste heat recovered, electricity generated and reduce capital and operating costs. These engineering achievements have increased ATEN electricity generation performance relative to the historical ATEN concept inherited from previous management in 2017 by 80%.

“The ATEN engineering design changes also improved the versatility and compatibility of the ATEN technology to ensure it can be integrated with both diesel & gas fueled generation interchangeably and operate in remote mine site locations with limited water resources.

“The ATEN technical steps forward achieved in the 20-months since the Company exited administration have been hard fought and required a keen focus on viable innovation and practical, cost effective engineering solutions.

The Board believes the ATEN is a step change ‘waste heat to power’ solution that will deliver the mining sector a reduction in its electricity supply costs where adopted. This is particularly the case in locations where existing gas transport infrastructure is yet to be established.

The salient attributes of the ATEN zero emission waste heat to power solution include:

- 10% additional baseload electricity generation using the waste heat recovered (no incremental fuel) from diesel and gas fueled power stations;
- ATEN electricity generated at materially lower costs (up to 50%, subject to fuel prices) particularly in road delivered gas and diesel fueled power generation scenarios;
- Zero incremental emissions without introducing supply reliability and fuel efficiency risks; and.
- Lower levelized cost of generation relative to solar hybrid installations.

“The ATEN value proposition and zero incremental emission performance is resonating with independent power producers and resource companies focused on cost reduction. We are currently engaged with numerous parties and the Volt Board remains excited about the opportunity to commercialise the ATEN. We are determined to secure our first ATEN installation contract as soon as commercially possible.

“As previously reported, the Company has been working with a mine owner for the installation of the ATEN technology at a mine site power station located in the WA Goldfields for approximately 15-months (WA Goldfields ATEN Project) since late 2017. This included the completion of an extensive FEED Study and commencement of commercial negotiations. Recently, the mine owner advised Volt that it had decided to advance a mine expansion study that may require up to an additional 12MW of installed generation capacity at the existing IPP owned power station. The Company is working with the existing IPP to include an ATEN as part of a new expanded power supply solution.

## **EcoQuip (50% owned) – Fleet Growth Strategy Underway**

“The EcoQuip business has now completed initial development of a ‘market ready’ Mobile Solar / Lithium (LFP) Battery Light Tower (MSLT) solution targeted at resource and construction sector markets. The Volt Board continues to anticipate the complete displacement of mobile diesel fueled light towers with robust, reliable solar / battery powered solutions worldwide over the coming years in almost all relevant

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usage environments where adequate solar irradiation exists.

“The EcoQuip business has achieved significant and exciting progress since the Volt Company Update released in November 2018. EcoQuip has now established manufacturing operations in Houston, Texas and consummated a reliable, high quality manufacturing supply chain with experienced and capable US based fabrication and technology partners. During January and February 2019 EcoQuip personnel assembled sixteen new MSLT Gen4 and initiated the shipment of fourteen to our Perth operational domicile to add to EcoQuip’s existing MSLT Gen3 fleet. These MSLT Gen4 units are expected to arrive in March 2019.



*MSLT Gen4 – Houston Assembly Facility*

“EcoQuip has completed thorough price point due diligence (working with multiple end users of diesel light tower solutions in the traffic management and resource sectors) and confirmed the cost of operating a diesel fueled lighting tower from both an owner and hirer perspective. The EcoQuip MSLT hire cost charges are approximately 50% of HV and LV diesel fueled light tower hire and operating costs. The market opportunity to displace diesel fueled light towers and simultaneously reduce end user cost by 50% is compelling.

“With the impending arrival of the first of our new MSLT Gen4 fleet we have shifted focus to our business development activities in resource sector and traffic management markets. The cost benefits, negligible lifecycle maintenance, performance automation and zero emission capabilities continue to resonate as it has with EcoQuip’s existing customers in resource and traffic management markets using our existing MSLT Gen3 fleet.

“EcoQuip has developed a bespoke high efficiency power management and telemetry system that we believe will deliver best in class energy storage and light performance reliability solution.

“EcoQuip management also believes the MSLT Gen4 energy charge and storage system is also ideally suited for use as Wi-Fi LTE Communications Tower (MSCT) solution with the ability to reliably power benchmark LTE loads (based on Pilbara & Goldfields solar irradiation data) at below existing industry standard cost. These outcomes confirm that the EcoQuip MSCT solution can deliver to the high industry power supply reliability standards required by critical autonomous mining communications infrastructure.



## *EcoQuip Client Subset*

“The USA domicile of EcoQuip manufacturing and assembly activities ideally place the business to exploit the significant US market. During CY19 EcoQuip will pursue opportunities to supply the MSLT Gen4 to US based equipment rental business owners. The Volt Board believes the opportunity to ‘roll-out’ the MSLT Gen4 across the southern high solar irradiated states of the USA has significant upside potential.

“We have provided a fleet of MSLT Gen3 units to a national traffic management equipment hire business for approximately 6-months now to demonstrate to reliability of the EcoQuip MSLT solution. We have now advanced discussions for the deployment of the new MSLT Gen4 fleet with this potential partner. We hope to bring these discussions to agreement on a national cross-hire alliance shortly.

## **Wescone (100% owned) – Cashflow Positive**

“The Company’s Wescone business is the owner of the proprietary and unique W300 sample crusher installed in the port loading and assay systems in the global iron ore industry and metallurgical laboratory sector.

“During the period, Wescone has continued to generate positive cashflow albeit below the business’ historical positive cashflow performance.

“As previously released, Wescone’s largest customer BHP (by both historical revenue and W300 sample crushers purchased) advised Wescone in September 2018 that it had elected to use a third-party to perform future ongoing service repairs on BHP’s existing W300 fleet.

“Since September 2018, Wescone has continued to offer Wescone repair services and equipment BHP with some repair work and component sales continuing. Further, Wescone and its local engineering partners have completed an extensive W300 redesign initiative to develop and manufacture new W300 components that enhance the W300 in order to satisfy BHP’s technical and performance requirements (New W300). The speed of development of the New W300 has been impressive. The New W300 is dimensionally identical from an installation perspective, can accept 60% dimensionally larger sample feed and has significantly increased wear component strength.

“Wescone has recently advised BHP of the New W300 sample crusher and the enhanced performance specifications. We have also offered to “free issue” BHP with a New W300 to conduct a trial to demonstrate the New W300’s enhanced technical performance.

“As previously released, Volt filed a Writ against the vendor of Wescone in January 2019 on the basis that material information in relation to the BHP relationship with Wescone was not disclosed to Volt prior to the Wescone acquisition completion.

## **Financial Results**

The financial performance of the Company for the 12-months ended 31 December 2018 reflects the new technology development and early commercialisation phase of the Company’s activities. Further, the cessation of BHP as a customer of the Wescone business has impaired the value of the goodwill associated with the acquisition of the Wescone business by \$3.5 million.

## Summary Result Table

Description	31 December 2018	31 December 2017
Revenues	1,687,252	-
Other Income	27,375	3,913,910
Operating EBITDA	(1,075,831)	2,625,143
Wescone Goodwill Impairment	(3,525,706)	-
EBITDA	(4,601,537)	2,625,143
Profit/(Loss) attributable to Members	(4,510,785)	2,625,618

Volt Power Group Cash Position – Volt Power Group Limited held cash reserves exceeding \$1.2 million at 31 December 2018. The Wescone business is expected to continue to generate positive cashflow during 2019. EcoQuip’s growth strategy and funding position is expected to provide for positive earnings performance in early 2020.

## Next Steps & Company Outlook

“We have continued to pursue the Company’s new technology development and commercialization activities with significant endeavor in 2018.

The recent developments with respect to Wescone have been disappointing. However, Wescone has demonstrated an outstanding ability under new ownership to respond to challenging circumstances and deliver the New W300 for BHP. Subject to BHP trial confirmation, we believe the New W300 sample crusher can satisfy BHP’s technical and performance requirements.

During the next 6-months we will continue to:

- Progress all business development activities and negotiations necessary to install the first ATEN waste heat to power project at a mine site power station;
- Expand and enhance the EcoQuip MSLT and MSCT fleet, deployment capability and associated manufacture supply chain arrangements with the primary objective of increasing EcoQuip revenue and earnings; and
- Maximise the Wescone earnings performance by focusing on existing and new customer service delivery, enhancing the W300 equipment performance capability and the businesses distribution reach internationally via the establishment of formal distribution partners.

**End**

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## About Volt

**Volt Power Group Limited (ASX: VPR)** is a power generation technology and infrastructure asset / equipment developer and owner. The Company’s businesses build and commercialise proprietary equipment / infrastructure pursuant to an annuity revenue-based contract business model.

## 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 commercialization (Patent Pending);

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- **Wescone Crushing Equipment (100%)** – the proprietary owner of the Wescone W300 sample crusher predominantly deployed throughout the global iron ore sector. Wescone has a successful 25+year operating track record;
- **EcoQuip (50%)** – a developer and owner a ‘best in class’ Mobile Solar Lighting & Communications Tower solution incorporating robust design features including a military spec build quality and solar / lithium (LFP) battery and advance management / control system capable of LED lighting, LTE, Wi-fi repeater and CCTV retro-fit.; and
- **Acquisition / Development Strategy** – the expansion of its broader renewable / low emission power generation, infrastructure asset footprint and execution capability.

**About the ATEN Technology (Patent Pending):** The 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 can 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.