VOLT POWER GROUP LIMITED

ABN: 62 009 423 189

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

2 November 2020

Volt Power – Q3 CY20 Operational Activity Update

Highlights

ATEN Waste Heat to Power (100% owned)

- Volt successfully completed Stage 1 of the proposed two-stage feasibility study to install an ATEN Waste Heat to Power solution at an existing power station located in Western Australia (WA ATEN Project Feasibility Study)
- The Stage 1 WA ATEN Feasibility Study was provided to the relevant potential client in September 2020 and is now the subject of detailed client review
- The Stage 1 WA ATEN Feasibility Study confirmed the significant technical, cost and value benefits of the ATEN Technology compared with a generation equivalent Solar / Lithium Battery hybrid and existing gas fueled generation including:
  - ~20% lower LCOE* than the variable cost of existing OCGT gas fueled generation at a site delivered gas price of $4/GJ;
  - ~50% lower LCOE* than an annual generation equivalent Solar/Battery hybrid installation (Solar Hybrid);
  - $74 cheaper per tonne of CO_2 abated Vs the Solar Hybrid
- Volt and WA headquartered Genus have established the ATEN Alliance Consortium to design, construct and maintain the WA ATEN Project. Genus is a significant national power and communications infrastructure construction contract group with ~ 500 employees. Genus is also a substantial shareholder of Volt (5.1%)
- The Company continued to work with multiple potential customers to clarify ATEN opportunities and related benefits in each bespoke client heat resource environment

EcoQuip (~67% owned)

- EcoQuip achieved 50% utilization of its existing 45x Mobile Solar Light Tower (MSLT) and Mobile Solar Comms Tower (MSCT) fleet during Q3 2020
- EcoQuip completed the design development, prototype testing and initial manufacture of its new power management and telemetry controller (EPMTC). The business also recently completed an EPMTC patent application to secure its innovative performance and telemetry capabilities
- EcoQuip was awarded the Chevron Harry Butler Award for the development of the EcoQuip MSLT Gen4 and its significant environmental, safety and cost benefits

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- A second 3-month agreement for Chevron to trial 5x updated MSLT Gen4 hire units at the Chevron operated Gorgon LNG Project on Barrow Island, WA was signed during the period. The updated MSLT Gen4 units incorporate the new EPMTC and site optimized / improved light head design. These 5x MSLT Gen4 units are planned for deployment to Barrow Island by mid November 2020

- EcoQuip's supply chain partners completed the fabrication and manufacture of 100% of the components required to assemble 20x new MSLT Gen4's incorporating the new EPMTC in September 2020. Despite experiencing some COVID19 related delays all components are expected to be received in Perth WA in early November 2020 with completion of assembly planned on or around 30 November 2020

- Thiess Contracting have confirmed that they will require a further four MSCT Gen4 hire units to integrate into a new autonomous drilling system implementation in New South Wales. Once completed, the EcoQuip MSCT hire fleet supplied to Thiess Contracting will total eight MSCT units

- The BHP MSLT Gen4 demonstration trial has continued during the period. The BHP evaluation of the EcoQuip MSLT Gen4 is being conducted by multiple personnel and remains ongoing. The Company is continuing to actively work with BHP to highlight the robust light performance, significant cost savings and scope 1 emission benefits of the EcoQuip MSLT Gen4 and clarify hire supply terms

- Volt increased its ownership of EcoQuip from 55% to 67% during the Quarter via the provision of $0.85 million in new equity funding for new EPMTC development and aforementioned manufacture of 20x new MSLT Gen4 units

- The Volt Board is excited about the potential of the EcoQuip business as it builds the WA resource sector understanding of the groundbreaking capabilities of the EcoQuip MSLT & MSCT solution

Wescone (100% owned)

- Wescone is the owner of the proprietary and unique W300 sample crusher extensively utilized in the global iron ore industry

- During 2019, Wescone completed the design development and prototype manufacture of the new W300 Series 4 Crusher in response to Wescone's largest customer, BHP requiring a crusher solution capable of accepting 60% larger lump iron ore feed and improved reliability. Two 6-month trials were successfully completed at BHP's iron ore operations located in the WA Pilbara

- In August 2020, Wescone secured a 5-Year Purchase Service Exchange/Repair Contract with BHP (BHP Contract). The BHP Contract provides for the replacement of ~20 existing installed crushers with the new Wescone W300 Series 4 crusher and the exclusive provision of ongoing repair related services for 5-years

- The estimated new average annual sales revenue generated under the BHP Contract over its 5-year Term is ~$1.4 million. Wescone is also in discussions with other parties for the supply and service of the Wescone W300 Series 4 crusher

- Wescone received BHP purchase orders for 9 new Wescone W300 Series 4 crushers in October 2020. To date, 7 new Wescone W300 Series 4 crushers have been supplied to BHP

- The development of the new W300 Series 4 was initiated by the Company in H2 2018 after BHP advised Volt that it had completed a trial of the earlier W300 Series 3 crusher in 2015/16 and consequently advised the previous owner of Wescone that the W300 Series 2 & 3 crushers were no longer a technically viable solution for BHP. This circumstance was not disclosed to Volt prior to acquiring Wescone in early 2018 and is the subject of legal proceedings (Volt Claim)

- The Volt Claim trial commenced on 6 October 2020. The trial proceedings had not concluded by the end of the scheduled trial window on 15 October 2020. The trial is now scheduled to conclude in February 2021. The Volt Board is looking forward to receipt of the trial judgement thereafter

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Appendix 4C – Salient September Quarter Financial Information

- The Company held a cash balance of ~$0.38 million at 30 September 2020. During October 2020, the Company has received ~$1.0 million in sales & hire revenues

- Cash payments for the September Quarter totaled ~$0.87 million comprising:

  - Research & Development and Intellectual Property - $0.14 million
  - Staff Costs - $0.12 million
  - Legal Expenses - $0.27 million
  - Manufacturing, Admin & Other Costs - $0.34 million

- Related Party payments totaled Nil inclusive of Non-Executive Director and CEO & Managing Director 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 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 achieving annuity earnings for the Company.

Business Activity Summary

These 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 (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 larger dimensional acceptance, reduction ratio and durability specifications;

- **EcoQuip** (~67%) – a 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 and storage solution and advanced power management, data telemetry & control system capable of LED lighting, LTE Wi-Fi mesh repeater, point to point microwave, environmental monitoring and CCTV technology retro-fit; and

- **Acquisition / Development Strategy** – The Company actively pursues opportunities to expand 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% - 50% 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
- Zero water & operational personnel requirements

*** Levelised Cost of Energy (LCOE) is based on new fueled capacity installed (where relevant) and the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life.**

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Volt Power Group Limited

ABN	**Quarter ended ("current quarter")**
62 009 423 189	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	365	731
1.2	Payments for		
	(a) research and development	(52)	(170)
	(b) product manufacturing and operating costs	(54)	(130)
	(c) advertising and marketing	-	(17)
	(d) leased assets	-	-
	(e) staff costs	(111)	(317)
	(f) administration and corporate costs	(270)	(670)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(4)	(12)
1.6	Income taxes paid	-	(30)
1.7	Government grants and tax incentives	76	287
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(50)**	**(328)**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(257)	(257)
	(d) investments	-	-
	(e) intellectual property	(91)	(248)
	(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**	**(348)**	**(505)**

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	(20)	(77)
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**	**(20)**	**(77)**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 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	796	1,288
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(50)	(328)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(348)	(505)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	(77)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**378**	**378**

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	378	796
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)**	**378**	**796**

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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7.	**Financing facilities** *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.*	**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)	-	146
7.4	**Total financing facilities**	-	146

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

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)	(50)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	378
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	378
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	8

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

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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 October 2020

Authorised by: By the Board of the Company

(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.

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