

ASX CODE: VPR

BOARD

Simon Higgins
Non-Executive Chairman

Adam Boyd
CEO & Managing Director

Peter Torre
Non-Executive Director

ISSUED CAPITAL

9,345M Ordinary Shares
680M Unlisted Options

PRINCIPAL OFFICE

6 Bradford Street
Kewdale WA 6105

REGISTERED OFFICE

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Subiaco WA 6008

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ASX ANNOUNCEMENT

1 August 2021

Volt Power – Q2 FY21 Operational Activity Update

Highlights

ATEN Waste Heat to Power (100% owned)

- The Company continued ATEN business development activity during the Quarter with positive engagement from owners of existing power station assets. The ATEN solution generates 20% additional baseload, zero emission electricity from power station waste heat at a 50% lower levelized cost of energy compared to an equiv. annual generation Solar / BESS system.
- We have commenced scoping study activities for existing power station assets with owner provided data to confirm the scope 1 emission reduction and zero emission power generation supply opportunity that our ATEN technology can achieve.
- The Company previously reported that a Stage 1 ATEN Feasibility Study to install a 14MW ATEN Waste Heat to Power system at an existing WA domiciled power station (WA ATEN Project) was completed in Sept 2020.
- Salient WA ATEN Project activities completed in the 6-months to 30 June 2021 (at the request of the WA domiciled power station owner (Owner)) include:
 - An incremental study to clarify WA ATEN Project compliance with Australian and internal Owner engineering standards; and
 - a comprehensive ATEN Consortium response to a formal Expression of Interest process with our ATEN EPC Contract partner, GenusPlus Group Limited (Genus) [ASX: GNP] and OEM sub-system partners.
- During the Quarter, the Owner secured internal approval to complete an additional 'Gap Analysis Study' to complete engineering and related cost estimates associated with WA ATEN Project site interfaces including for site service provision, electrical interconnection, site placement, civil works, regulatory approvals and standard compliance.
- We are advised that the scope of the Gap Analysis Study will include the WA ATEN Project and a second waste heat to power project. The Owner has confirmed that Volt will be requested to provide ATEN technical information for the Gap Analysis Study. The study is scheduled for completion in ~November / December 2021.
- During the Quarter, the Company and Genus (together 'ATEN Consortium') advanced comprehensive feasibility study planning including resourcing, EPC strategy & risk allocation development, OEM sub-system supplier engagement, detailed design activities, construction & commissioning scheduling and execution.
- We remain highly optimistic about the near-term commercialization potential of the Volt ATEN Waste Heat to Power solution.

EcoQuip (~70% owned)

- EcoQuip is a developer and owner of a new Mobile Solar Light & Communications Tower solution incorporating a proprietary high efficiency Solar / Battery Energy Storage System (BESS) capable of up to ~40% performance efficiency compared to similar industry standard Solar / BESS systems.
- During the Quarter, EcoQuip secured a new 5-year dry hire agreement for the deployment of EcoQuip's Mobile Solar Light Towers (MSLT) at the Chevron operated Gorgon natural gas facility located on Barrow Island, Western Australia (Hire Agreement). This Hire Agreement is an outstanding product validation milestone for EcoQuip.
- EcoQuip has received the first Hire Agreement purchase order for 25x MSLTs to be deployed in late August. These 25x MSLTs will be sourced from EcoQuip's MSLT existing fleet (Chevron Fleet). The Chevron Fleet was 100% equity funded by EcoQuip and assembled in our new Volt Power group workshop facility.
- The Gorgon natural gas facility deployment will increase the utilization of EcoQuip's 65x Mobile Solar Light Tower (MSLT) and Mobile Solar Comms Tower (MSCT) fleet to ~75%. We are continuing to work with Chevron to identify new MSLT deployment opportunities across its extensive Australian and global asset base. We anticipate additional purchase order activity pursuant to the Hire Agreement during 2021.
- Once complete, the Chevron Fleet deployment will increase EcoQuip's annualized revenue run-rate to ~\$1 million and generate surplus operating cashflows of ~\$0.4 million (excl. new fleet CAPEX).
- The EcoQuip MSLT is a zero emission, zero maintenance & zero OPEX light tower with the illumination performance and power budget reliability to disrupt the traditional diesel fuelled mobile light tower market. The MSLT is 50% cheaper to hire and operate than a diesel fuelled equivalent. The zero-lifecycle, maintenance and OPEX capability reduces the need for site based skilled labour. Each MSLT can be remotely controlled and integrated with centralized operating systems.
- During the Quarter, EcoQuip delivered 2x new MSLTs to the BMA owned Mt Arthur coal mine in Queensland for Thiess Contracting. This adds to the 4x MSCTs deployed at Thiess coal mining operations in NSW and Qld. We are preparing a further 3x MSCTs to be deployed as autonomous network reinforcement for Thiess. This will increase the Thiess EcoQuip MSCT fleet to 7. The EcoQuip MSCT units supporting Thiess' autonomous mining equipment systems have operated with 100% reliability and without intervention for a period exceeding ~20 months.
- EcoQuip maintains consistent promotional and business development activities directed at specific target markets. We are continuing to advance performance trialling activities, new equipment solutions (based on the MSLT Solar / BESS power system) and commercial engagement with resource sector and Government stakeholders. Our previously reported engagement with BHP, Aggreko and other significant potential partners remains on a positive footing.
- Volt provided a further \$0.39 million in new funding to EcoQuip during the period to fund working capital and the manufacturing costs associated with the Chevron Fleet. This investment will increase the Volt ownership interest in EcoQuip to 70%.
- We are highly optimistic that the competitively advantaged capabilities of the EcoQuip MSLT & MSCT solution will compel positive procurement decisions and revenue growth for our EcoQuip business.

Wescone (100% owned)

- Wescone is the owner of the proprietary and unique W300 sample crusher extensively utilized in the global iron ore and assay laboratory industries. The Wescone offering comprises two sample crushing equipment solutions with alternative dimensional feed acceptance capabilities - the W300 Series 3 crusher and W300 Series 4 crusher.
- Wescone continued to supply BHP the new Wescone W300 Series 4 crusher under the 5-Year Purchase

Service Exchange/Repair Contract executed in August 2020. Wescone delivered BHP 5 new Wescone W300 Series 4 crushers to BHP's Pilbara operations during the Quarter. The BHP Contract provides for the replacement of ~20 existing installed crushers and inventory fleet with the new Wescone W300 Series 4 crusher and the exclusive provision of ongoing repair / service exchange related services.

- Wescone anticipates further Wescone W300 Series 4 crusher sales to BHP will occur during FY21 as BHP displaces its old fleet of Wescone W300 Series 2/3 crushers. ~10 BHP crushers have been displaced with the Wescone W300 Series 4 crusher to date delivering Wescone positive revenue growth.
- Wescone also secured purchase orders for 2 new Wescone W300 Series 4 crushers for installation at the FMG Iron Bridge Magnetite Project and a new Wescone W300 Series 3 crusher for installation at the Glencore owned Mount Isa operations in Queensland during the Quarter.
- The business has also completed multiple crusher refurbishments for the Rio Tinto and Roy Hill iron ore operations during the Quarter and submitted a joint tender proposal for the supply of multiple new Wescone W300 crushers with our new African distributor, Solid Process Automation.
- The Company has updated the Wescone financial forecast for FY21 which estimates that Wescone will generate revenues exceeding \$1.6 million and an EBITDA of ~\$1.0 million.

Appendix 4C – Salient September Quarter Financial & Other Information

- During the Quarter, the Company secured a 3+3 year lease over a modern workshop and office facility located in Kewdale, Western Australia. Volt's 3 business units are now all co-located at this new facility.
- The Company generated positive operating cashflow during the period of approximately \$0.17 million (excluding a 9-month prepayment of rent for the aforementioned new office & workshop relating to the period commencing 1 July 2021).
- The Company held a cash balance of ~\$0.77 million at 30 June 2021. Revenue receipts totaled ~\$0.67 million for the Quarter. This represents revenue growth of ~250% compared to Q1 FY21.
- Cash payments for the June Quarter totaled ~\$0.89 million comprising:
 - Research & Development and Intellectual Property - \$0.13 million
 - Staff Costs - \$0.12 million
 - Prepaid Workshop & Office Rent - \$0.12 million
 - Legal Expenses - \$0.02 million
 - Manufacturing Costs - \$0.14 million
 - Refundable Security Deposit - \$0.12 million
 - Admin & Other Costs (net) - \$0.24 million
- Related Party payments for Non-Executive Director and CEO & Managing Director services for the period were deferred.

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 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** (~70%) – 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 / low emission power generation and infrastructure asset / equipment / contract services 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* ~50% lower than an equivalent annual generation Solar/ Battery Energy Storage System (BESS);
- CAPEX ~60% lower than Solar / BESS based on identical annual generation and zero emission performance;
- Hydrogen co-firing capability;
- Carbon Credits (CFI) Act 2011 Offset Project / ACCU eligibility; and
- Zero water & operational personnel requirements

* Levelised Cost of Energy (LCOE) is based on new zero emission capacity and variable costs of fuelled generation (where relevant) and the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life including ACCUs (\$13/ACCU) and RECs (\$30/REC) as applicable.

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 2021

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	672	857
1.2 Payments for		
(a) research and development	(57)	(97)
(b) product manufacturing and operating costs	(91)	(192)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(119)	(258)
(f) administration and corporate costs	(380)	(637)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(4)	(7)
1.6 Income taxes refunded/(paid)	26	26
1.7 Government grants and tax incentives	-	288
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	47	(20)

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 or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(49)	(478)
(d) investments	-	-
(e) intellectual property	(74)	(275)
(f) other non-current assets	(116)	(116)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	35
(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)	-	1,000
2.6 Net cash from / (used in) investing activities	(239)	166

Note to support item 2.5

As announced on 15 February 2021, the Company advised that it had reached a commercial settlement of all outstanding claims alleged in the Proceedings in connection with the 2018 acquisition of Volt's Wescone business with all vendor parties (Wescone Vendor) without admission of liability by either party.

The settlement terms are confidential but provide for the payment to Volt of \$1.3 million in two instalments (Settlement Sum).

The first instalment in the amount of \$1 million was paid to Volt on 16 February 2021. The second and final instalment will be paid no later than 19 August 2021. The Wescone Vendor has granted a security over two commercial properties to secure the second instalment.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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	(23)	(45)
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	(23)	(45)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	982	666
4.2 Net cash from / (used in) operating activities (item 1.9 above)	47	(20)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(239)	166
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(23)	(45)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	767	767

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

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	767	982
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)	767	982

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	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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)	-	74
7.4	Total financing facilities	-	74
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)	47
8.2 Cash and cash equivalents at quarter end (item 4.6)	767
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	767
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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	
8.6.2 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	
8.6.3 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	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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: 1 August 2021

Authorised by: By the Board

(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.