

ASX ANNOUNCEMENT

30 April 2024

VOLT POWER – Q1 FY24 OPERATIONAL ACTIVITY UPDATE

ASX CODE: VPR

BOARD

Adam Boyd
Executive Chairman

Paul Everingham
Non-Executive Director

Peter Torre
Non-Executive Director

Simon Higgins
Non-Executive Director

ISSUED CAPITAL

10,717M Ordinary Shares
590M Unlisted Options

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Kewdale WA 6105

REGISTERED OFFICE

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Executive Chairman

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Highlights:

- Volt Group achieved record Q1 Ordinary Revenue receipts of \$0.93 million - (Q1 FY23 comparison \$0.92 million).
- The EcoQuip business achieved 61% Ordinary Revenue growth and Wescone a (20%) reduction in Ordinary Revenue compared to Q1 FY23 primarily due to customer payment terms.
- Wescone Q1 FY24 activity included manufacture and assembly of four Wescone Sample Station packages for Rio Tinto. These were delivered in early April 2024 and will enhance Wescone Ordinary Revenue receipts in Q2 FY24. Group Sales Revenue and EBITDA is tracking in accordance with Budget forecasts.
- During Q1, EcoQuip secured a new hire deployment order for 20x additional EcoQuip Mobile Solar Light Towers (MSLT) at the Chevron Gorgon natural gas project on Barrow Island, Western Australia. Delivery has commenced and will be completed in early May 2024. This deployment will increase the EcoQuip MSLT hire fleet on Barrow Island to 55 units and the annual EcoQuip revenue “run rate” to ~\$2 million.
- EcoQuip deployed two MSLT units to Chevron gas fracking operations in Texas, USA during the Quarter. The demonstration trial period will complete in May. To date, feedback has been extremely encouraging. The potential of the US market for the EcoQuip MSLT is a standout opportunity for the Company.
- EcoQuip’s Australian domiciled demonstration trials in FY23 have evolved to multiple commercial negotiations. The Volt Board is highly encouraged by the counterparty quality and progress of negotiations.
- The Group commenced multiple R&D design enhancements to the Wescone W300 crusher and EcoQuip platform. These R&D projects will enhance competitive advantage.
- The Wescone Africa distribution partner, SPA has deployed more Wescone W300 crushers in FY24. The continued SPA success highlights the robust, proprietary capability of Wescone OEM crushers and Wescone’s global growth potential.
- Volt and EPC delivery partner, NRW/Primero continued to communicate the zero emission, low cost, small footprint, accelerated approvals and dispatchable capacity benefits of ATEN Waste Heat to Power to large IPPs, state-owned power generation and resources companies and their technical advisors.
- Low-cost and reliable energy supply is gaining agenda priority for energy supply stakeholders. As increased Renewables penetration introduces supply security risks and cost escalation, Volt has noticed increasing interest in its proprietary ATEN system from Government & IPP network participants. ATEN delivers zero-emission capacity and dispatchable generation.

EcoQuip OEM Mobile Solar Light & Comms Towers (100% owned)

EcoQuip is the Original Equipment Manufacturer (OEM) of a “market leading” Mobile Solar Light & Communications Tower (MSLT) solution utilising the proprietary EcoQuip technology platform. The technology platform incorporates a high efficiency solar / lithium battery energy storage system (BESS), power management electronics, global, remote location connectivity and software capable of autonomous operation and up to 40% enhanced energy efficiency compared to similar industry standard solar / BESS illumination systems.

The EcoQuip MSLT has market-leading illumination and power budget performance, end user telemetry with pre-emptive notifications and remote-control capability. These capabilities have been achieved partnering with US domiciled military fabrication, electronics and software development contract partners. The MSLT can deliver the ‘mission critical’ power budget performance required for reliable remote site illumination and autonomous mining communications network reinforcement.

Since Q3 2021, EcoQuip has deployed 55x new EcoQuip MSLTs to the Chevron operated Gorgon natural gas facility on Barrow Island, WA. The Barrow Island deployed MSLT fleet displaced the entire diesel fuelled light tower fleet used for daily operations on Barrow Island.

The EcoQuip MSLT is a zero OPEX (no fuel or refuelling), zero scheduled maintenance, zero emission solution. The displacement of hired diesel fuelled lighting plant with a hired EcoQuip MSLT delivers up to a 50% total cost reduction, reduces site based mechanical trades required and achieves significant safety risk mitigation benefits.

EcoQuip is working with multiple, high quality resource sector companies to demonstrate the capabilities of the EcoQuip MSLT & MSCT solutions. Completed demonstration trials with BHP and Thiess have advanced to Master Hire Agreement discussions and negotiations. Should these ongoing negotiations successfully conclude, the potential new EcoQuip MSLT & MSCT fleet growth opportunity could be up to ~200 – 300 units.

During Q1 FY24, EcoQuip deployed two MSLTs for trial demonstration at Chevron operated gas fracking sites located in the Permian Basin, West Texas, USA. EcoQuip has received encouraging feedback and we are excited about the potential to establish ‘beachhead’ revenue generating activities where our primary supply chain and technology development partners are located.

EcoQuip is also working with potential new partners to establish new market opportunities for the EcoQuip Technology Platform. Early engagement & trials have delivered positive results.

The Company looks forward to updating shareholders with new information when the relevant Master Hire Agreement negotiations and demonstration trial evaluation by potential and existing customers have concluded.

Wescone OEM Sample Crushers (100% owned)

The Company’s Wescone business is the OEM of the proprietary W300 sample crusher extensively deployed in the global iron ore and assay laboratory industries. The Wescone OEM offering comprises three sample crushing equipment solutions and installation packages with alternative dimensional product feed acceptance capabilities.

Wescone sales for the Quarter were in accordance with the Company’s budget forecasts. The business continues to supply crushers and complete service exchange and repair activities for a broad Tier 1 resource sector client base in Australia, Africa and Canada. Wescone ‘end-user’ customers include BHP, BHP Nickel West, Anglo American, Roy Hill, FMG, Assmang, Rio Tinto and Glencore.

Wescone African distributor and experienced sample system design & installation partner, SPA, continues to successfully deploy Wescone proprietary crushers in Africa at multiple high quality customer iron-ore operations. Anglo American is the largest of these new customers with Wescone OEM crushers deployed at both Kumba Iron Ore operations located in South Africa’s northern cape.

After several years of endeavour, the Wescone/SPA Africa distribution strategy is delivering fleet and revenue growth and the Company is excited about working with SPA and new partners to expand the Wescone offering beyond Wescone OEM crusher supply and service.

ATEN Waste Heat to Power – Zero Emission Baseload Electricity Supply (100% owned)

The ATEN Waste Heat to Power technology is an industrial heat recovery / organic rankine cycle turbine system that recovers industrial waste heat otherwise vented to atmosphere to generate zero emission, base load electricity. The Company understands that the ATEN system is eligible for Safeguard Mechanism Credits (SMC) pursuant to the new SMC carbon abatement legislation in compliant installations. ATEN enjoys Australian Innovation Patent certification (AIP # 2020202347).

ATEN has a unique competitive advantage being capable of generating baseload, zero emission incremental electricity for a ~60% lower CAPEX and ~50% lower lifecycle cost compared to annual equivalent solar and wind installations.

ATEN is also compatible with and complimentary to existing solar / wind installations connected to remote off-grid and on-grid electricity networks by enhancing system capacity and gas fuelled generation efficiency (+15-30%) necessary to support the reliability / stability of high penetration Renewables and battery storage enabled networks. Further, ATEN has the potential to reduce network requirements for incremental high-cost storage and complex ancillary support systems. In this circumstance the ATEN technical and business case is increasingly compelling.

Alternatively stated, ATEN installed on an OCGT power station supplying on-grid electricity has the potential to displace incremental gas fuel usage (reduced emissions) and/or the need for incremental solar / battery installations designed to generate and store electricity for nightly despatch (reduced CAPEX). The ATEN salient benefits include:

- Increasing OCGT power station efficiency reducing gas consumption and emissions by ~15 – 30%;
- A small site footprint providing for installation on an existing power station site footprint and using existing connection infrastructure significantly reducing approval timelines;
- Short construction period of 6 – 9 months;
- Low LCOE (<A\$55/MWh¹) and low marginal generation cost (~\$20/MWh);
- Materially reduce grid stability risks (providing baseload zero-emission, low-cost supply and system inertia); and
- Avoid potential transmission system upgrade CAPEX required to connect intermittent Renewables.

The ATEN Waste Heat to Power system also delivers robust, baseload zero emission generation to displace gas fuelled power generation in significant industrial precincts that vent a significant OCGT waste heat resource from compression and electricity generation (i.e.: LNG facility compression & power generation).

Further, installing an ATEN system on an existing OCGT peaking power station can convert a peaking station to achieve high efficiency and supply low-cost, baseload electricity to displace coal fuelled baseload supply and reduce generation equivalent carbon emissions by ~60%. Peaking power stations are significantly under-utilised sunk capital investments and converting these assets to >95% utilisation at efficiencies of between ~43% - 50% delivers the lowest cost CO₂ abatement available when displacing coal fired baseload generation.

As Climate Change Government policy accelerates Renewables penetration on electricity supply networks, electricity supply generators, transmission network owners and customers are increasingly focused on consequential cost increases and incremental supply reliability risks. Interest and enquiry relating to the Company's ATEN system from electricity generation assets owners has increased in recent months.

HYTEN – Waste Heat to Hydrogen (100% owned)

Volt's HYTEN Waste Heat to Hydrogen system comprises the ATEN system integrated with either solid oxide, PEM or alkaline water electrolyser sub-systems to produce zero emission hydrogen fuel/feedstock gas. Engineering study activity to date has highlighted that HYTEN can produce zero emission hydrogen for a LOCH² of ~US\$2 – 4/kg. This is a ~50-70% lower cost than unsubsidised "Green Hydrogen" systems powered by new wind and/or solar renewable electricity generation.

The Volt Board remains excited about the potential of the HYTEN technology to facilitate existing LNG facility assets, natural gas pipeline compression stations and some power station assets to make a significant contribution to the energy transition by becoming low-cost, zero emission hydrogen producers by exploiting waste heat vented to atmosphere at existing energy infrastructure.

To compel the uptake of a zero-emission hydrogen industry, hydrogen must be delivered to markets for a price at least equivalent to traditional SMR hydrogen cost. The potential for the on-site use of HYTEN zero emission hydrogen to displace fossil fuel derived hydrogen as a zero-emission feedstock for higher value fertilizer, ammonia or fuel refining production is persuasive.

Corporate & Appendix 4C - Salient September Quarter Financial Information

The Company generated positive Operating Cashflow of ~\$0.32 million for the Quarter and held a cash balance of \$1.65 million as at 31 March 2024. Ordinary Revenue receipts totalled ~\$0.93 million. As at the date of this report, the Volt Group cash balance is ~\$1.85 million.

Cash payments for the March Quarter totalled ~\$0.83 million comprising:

- Research & Development and IP - \$0.25 million
- Staff Costs - \$0.23 million
- Manufacturing Costs - \$0.17 million
- Admin, Legal, Other Costs & Grants (net) - \$0.19 million

Related Party payments for Director services for the Quarter totalled \$65,989 (incl. GST) representing 1-months Executive Chairman fees & ~3-months NED 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 an industrial technology company that develops and commercializes ESG focused, zero emission power generation and hydrogen production technologies and next generation mining equipment.

The Company's businesses develop and commercialise innovative proprietary OEM equipment delivering "step change" client productivity & cost benefits and reduce scope 1 emissions.

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 commercialisation. ATEN enjoys Australian Innovation Patent certification. Refer below.
 - **HYTEN** (100%) – HYTEN (patent pending) is a zero-emission waste heat to hydrogen solution developed to capture and exploit industrial waste heat (including gas turbine exhaust heat usually vented to atmosphere) and produce low cost, zero emission hydrogen fuel gas. HYTEN comprises the ATEN Waste Heat to Power system integrated with either an alkaline, PEM or solid oxide electrolyser to produce the hydrogen.
 - **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** (100%) – 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 storage solution and an advanced power management, data telemetry & control system. EcoQuip solutions are capable of zero emission, high performance mobile illumination, LTE, Wi-Fi mesh and point to point microwave network reinforcement and environmental monitoring and surveillance.
- **Acquisition / Development Strategy** – The Company actively pursues opportunities to expand its broader zero emission power generation and contract services capability, high yield infrastructure asset footprint & innovative equipment solutions.

About the ATEN Technology: 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 ATEN.

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 existing 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) compatible with Solar Hybrid systems with high penetration;
- Levelised Cost of Electricity (LCOE)¹ up to ~50% lower than gas and ~80% lower than diesel generation;
- LCOE¹ ~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;
- Safeguard Mechanism Credit legislation eligibility; and
- Zero water & operational personnel requirements

The ATEN system is eligible for Safeguard Mechanism Credits (SMCs) in certain circumstances pursuant to Australia's new Safeguard Mechanism legislation designed to reduce greenhouse gas emissions at Australia's large industrial, resource and energy sector asset fleet.

1 Levelised Cost of Energy (LCOE) is based on new ATEN zero emission capacity and operating costs and variable costs of fuelled generation (where relevant) in the WA Pilbara region and the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life including SMCs (\$25/SMC) and Solar RECs (\$35/REC) as applicable.

2 Levelised Cost of Hydrogen (LCOH) is based on the LCOE methodology above inclusive of OEM supplier & EPC installation estimates of the capital and operating costs of hydrogen production via alkaline water electrolysis in the WA Pilbara region.

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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	927	927
1.2 Payments for		
(a) research and development	(161)	(161)
(b) product manufacturing and operating costs	(90)	(90)
(c) advertising and marketing	(33)	(33)
(d) leased assets	(63)	(63)
(e) staff costs	(228)	(228)
(f) administration and corporate costs	(200)	(200)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(12)	(12)
1.6 Income taxes refunded/(paid)	-	-
1.7 Government grants and tax incentives	168	168
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	314	314

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(76)	(76)
(d) investments	-	-
(e) intellectual property	(86)	(86)
(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	(15)	(15)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(177)	(177)
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	(38)	(38)
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	(38)	(38)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	1,547	1,547
4.2	Net cash from / (used in) operating activities (item 1.9 above)	314	314
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(177)	(177)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	(38)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,646	1,646

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	1,646	1,547
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)	1,646	1,547

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	66
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>	

Payments totalling \$11,000 (incl. GST) were paid to Isapia Pty Ltd, a company related to Mr Simon Higgins, representing 3 months' non-executive directors' fees.

Payments totalling \$10,989 (incl. GST) were paid to Torre Corporate, a trust related to Mr Peter Torre, representing 4 months' non-executive directors' fees.

Payments totalling \$11,000 (incl. GST) were paid to Sackville Reach Pty Ltd, a company related to Mr Paul Everingham representing 3 months' non-executive directors' fees.

Payments totalling \$33,000 (incl. GST) were paid to Renewable Initiative Pty Ltd, a company related to Mr Adam Boyd, representing 1 month's Executive Chairman fees.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	3,000	359
7.4 Total financing facilities	3,000	359
7.5 Unused financing facilities available at quarter end		2,641
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.	<p>In April 2022, Volt subsidiary EcoQuip Australia Pty Ltd secured a total of \$3 million in new credit financing facilities with Westpac Banking Corporation. These financing facilities consist of a \$2 million Revolving Equipment Finance Facility and a \$1 million Trade Finance Facility and are secured under a general security agreement. At the end of the Quarter, the facilities were drawn to \$0.359 million.</p> <p>The current interest rates that apply to the above facilities range from 6.21% to 6.36%.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	314
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,646
8.3 Unused finance facilities available at quarter end (item 7.5)	2,641
8.4 Total available funding (item 8.2 + item 8.3)	4,287
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

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.

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: 30 April 2024

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.