



ENERGY TECHNOLOGIES LIMITED

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ABN 38 002 679 469

Shareholder Update

Further to our recent announcement, the Board is pleased to advise that on 13 February 2019, Energy Technologies Limited (ASX: EGY or the Company) obtained shareholder approval to complete its Recapitalisation Proposal, the details of which were set out in the Notice of Extraordinary Meeting released to market on 14 January 2019.

The Recapitalisation Proposal includes the conversion of the Company's consolidated debt into ordinary shares, the acquisition of certain plant and equipment and other business assets from Advance Cables Pty Ltd (Advance Acquisition) and the issue of new shares by way of a placement to sophisticated and professional investors to raise up to \$5 million.

The Board considers that the approval and implementation of the Recapitalisation Proposal is a critical milestone for the Company and its subsidiary Bambach Wires and Cables Pty Ltd (BWC), and in particular, will enable the Company to:

- improve its balance sheet;
- significantly increase its production capacity; and
- develop a sustainable workforce to enable it to compete in a very large market and achieve significant growth in both revenue and margins.

The Board expects the implementation of the Recapitalisation Proposal to result in a profitable and growing business and deliver strong returns to shareholders.

Corporate Overview

- Shareholder approval for the Recapitalisation Proposal was obtained at an Extraordinary General Meeting held on 13 February 2013 (EGM) (as disclosed in the results of that EGM).
- On completion of Recapitalisation Proposal, the Company will have approximately 87 million ordinary shares on issue at a share price of 20 cents and market capitalisation of ~\$17m.

Transition to new site in Rosedale Victoria

- The Company has secured a new site at Rosedale, Victoria (Rosedale Site).
- The Rosedale Site will provide the Company and BWC with an unconstrained large manufacturing facility to facilitate the scale of its proposed manufacturing operations.
- Demolition works at the site are now complete and the Company is well underway refurbishing and repairing the site.
- The critical aspects of the refurbishment are expected to be completed in the coming weeks.
- The site is on target to be fully commissioned by mid-year, but with initial production scheduled to begin in late March 2019 as critical plant and equipment arrives following the completion of the Advance Acquisition.

Regional Jobs and Investment Package (RJIP) Grant

- The Company has received the first instalment of its RJIP Grant.
- The grant will assist the Company and BWC in the transition of its operations to the Rosedale Site and support long term sustainable employment for a local workforce.
- The first instalment of the RJIP Grant will be recognised in the Half Year to 31 December 2018 financials as deferred income and will be released to the Profit & Loss in accordance with accounting standards.

Advance Acquisition

- The Company and BWC are finalising the satisfaction of the remaining conditions for completion of the Advance Acquisition by the end of March 2019.
- Approximately 40% of the acquired equipment has been decommissioned and readied for transport to the Rosedale Site. Transportation of the equipment to the Rosedale Site will commence in the week beginning 18 February 2019 and is anticipated to conclude by the end of March 2019.

Sales and Operational Update

- BWC continues to see strong demand for its product.
- Current orders in hand are valued at approximately \$2m, which is the highest level experienced in the company history.
- The Company considers that BWC's current limitations in relation to output capacity will be significantly alleviated following completion of the Advance Acquisition and the relocation to the Rosedale site, enabling BWC to fulfil significant customer demand for its suite of current and new products.
- A weak Australian dollar and customer focus on quality continues to drive increase demand for locally manufactured cables.

Workforces - Team

- The Company expects to have a workforce of approximately 35 employees at the site at Rosedale by end FY2019.
- The company will retain the services of a number of key employees previously employed by Advance Cables Pty Ltd in sales and production.
- Currently, the Company has engaged a workforce of 7 people at the Rosedale Site with aim to offer further positions over the coming weeks.

The Company will update the market further throughout the implementation of the Recapitalisation Proposal and on completion of the Advance Acquisition.

END

For further information please contact:

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