

1 March 2021

## February Shareholder Update

Dear Shareholders,

Over the past few years, Capricorn Power has built an extended ecosystem of experts in the 'waste to energy' market and we have developed a network of leading researchers in the biochar and bioenergy industries. Over the next year, we will focus on leveraging this collective expertise to accelerate our technical capabilities and to establish our role as a thought leader in innovative clean-tech in Australia.

We have started our second sponsored project with The University of Melbourne on their Creating Innovative Engineering Program (our first was in 2019), to explore opportunities to improve sustainable native forest management. We also continue to engage constructively with both Ultima and the Universities associated with the Australian Government's Race for 2030 program to create a Barton heat engine based proposal to accelerate the transition to Reliable, Affordable, Clean Energy (RACE) for 2030.

In early 2021, there has been renewed global interest in renewable energy and clean-tech, driven by the 'green' priorities of the new Biden Administration in the USA and the accelerating engagement of financial markets around the world in these new 'sustainable' industries and investment opportunities.

We are confident that Capricorn Power is well positioned to take advantage of these positive external trends as we continue on our path to commercialisation.

### **Sustainable native forest management**



Capricorn Power is collaborating with The University of Melbourne on their Creating Innovative Engineering Program to explore a new approach to fuel load management. Currently, the fuel loads in Australian forests are managed through burning firebreaks and undergrowth during the 'off' season.

Our sponsored student research project will explore careful thinning of forests by removing timber and scrub in designated areas instead of burning, then pyrolysis of these trimmings to produce biochar. This biochar can be returned to the soil for a 'carbon negative' outcome. In addition, the biochar pyrolysers and heat engines could be partially owned and operated by local communities.

Capricorn Power's Sophie Bainbridge has been allocated as a mentor for this exciting collaborative project. The mentor in this program learns about innovation alongside the students. They are trained in the coaching-style leadership that has proven successful in generating innovative solutions. This leads to a Professional Certificate in Innovation Practice. This is a leading program in innovation leadership training, and we are very fortunate to have the opportunity to progress our team through this program.

### **Constructive engagement with Aus Govt clean energy program**



Capricorn Power continues to engage constructively with Race for 2030 clean energy program. A detailed project plan and budget has now been drafted by researchers and we expect a final decision confirming our participation in the program in Q2 of 2021.

In late 2020, Capricorn Power signed a Service Level Agreement (SLA) with Ultima Grid Solutions (UGS) for a product development program delivering approximately 1 MW of Barton heat engines over five years as part of RACE for 2030. The program is an initiative of the Australian Government through its Cooperative Research Centres (CRC) and it aims to accelerate the transition to Reliable, Affordable, Clean Energy for 2030.

For further information, see [www.racefor2030.com.au/](http://www.racefor2030.com.au/)

### **AGM resolutions to support long term growth**



The Board of Directors of Capricorn Power is committed to the creation of long-term shareholder value through the ongoing de-risking and validation of the Barton heat engine technology and its subsequent commercialisation in industrial applications.

The Board is currently implementing a capital management strategy to raise the required funding in stages at incrementally higher valuations based on the achievement of key milestones over time, as is appropriate for an early-stage growth company.

At the upcoming AGM, the Board is seeking shareholder approval for a new investment round to raise a maximum of \$3 million, at no less than the current share price. The final share price for the raise determined by the Board will reflect the business opportunities at the time of the raise, as well as the indicative market interest in our investment value proposition.



In the future, the Board would like to attract new sources of institutional funding to support our path to commercialisation. Therefore, the Board is also seeking shareholder approval for Capricorn Power Pty Ltd to become a Public company on 1 July 2021. The Public company structure demonstrates higher standards of corporate governance and will enable the Company to attract additional funding over time. Becoming a Public company will also enable Capricorn Power to create 'low volume market' trading opportunities, which is an attractive option for current shareholders seeking liquidity.

The Notice of Annual General Meeting with further details on the Special Resolutions will be sent as a separate email to all shareholders by this Friday 5<sup>th</sup> March.

We would like to thank you for your ongoing support as we continue on our journey of commercialising our award-winning technology and unlocking shareholder value and we look forward to seeing you at our upcoming AGM.

If you have any questions, please send me an email on [mike@capricornpower.com.au](mailto:mike@capricornpower.com.au)

All the best  
Mike Hodgkinson  
Chief Executive Officer