



## ASX ANNOUNCEMENT

### CHAIRMAN'S ADDRESS TO SHAREHOLDERS

**Sydney – 29 November 2018 – Tag Pacific Limited (ASX: TAG)**

Today marks the beginning of a new era for our company. Today we are approving the change of our name from Tag Pacific Limited to MPower Group Limited. Today's approval is more than simply a name change because what it signals to our shareholders; our customers; our suppliers; our partners; and our management and staff is that the time has come for the Tag model to change and for MPower to have the opportunity to flourish in its own right.

In recent times we have made several public announcements about our future strategy in the power sector. We have developed a well-respected expertise in this area and are starting to see momentum in project pipeline and success after a number of years of establishing ourselves in this space.

We have been transforming the historical engineering project business in the general power industry into a specialist in the growing area of renewable energy. We have also been managing through challenging times in our long-held distribution business as supply chains in that sector have been changing.

While the last few years have incurred accounting losses and have consumed a good deal of our precious capital as we have gone through this transitional time, we are confident that we are now well placed, especially in the renewable energy project arena. We have a great track record, a strong and expanding team of professionals and a pipeline potential that bodes well for the future. That's why we believe that now is the right time to align our listed corporate identity with the future potential of our underlying activities.

The name Tag is an acronym for The Anthony Group, a group of companies with which I have personally been involved since 1971, so to see the code TAG disappear from the market boards has some emotion attached to it for me, but I am content because the change marks the progress that has been made and is the right step for our group and our shareholders. Today's change is also signalling that we are moving from being a listed company with a single dominant shareholder to a company with a more open and active register; and with that, we hope it will bring a new profile and understanding by the investment community of what we do.

MPower specialises in renewable energy, battery storage and microgrids, a niche area of the power industry which is approaching a tipping point. The move towards decentralised power and the growing popularity of microgrids comes at the same time as solar and battery storage solutions are gaining favour, as technology improves, and the cost of technology diminishes.

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**m**power  
A Tag Company

## ASX ANNOUNCEMENT (continued)

Our plan is to capitalise on the rapidly growing off-grid and fringe-of-grid solar, battery storage and microgrid market to create a regional leader in this sector. MPower's integration capability in the new era power sector is strategic and unique in that its solutions are engineered in-house and encompass work for blue chip enterprises; power utilities; and leading energy providers.

Our expertise is in the technical aspects of power and our technical capability is unique. Our sweet spot is renewable energy projects in the \$2 million to \$20 million range with a degree of sophistication, and that are too large or complex for small local businesses, and not large enough for the major infrastructure companies.

MPower has clearly demonstrated its ability to design and build innovative and complex power systems which integrate multiple power technologies. For example, over the last year:

- MPower has delivered off-grid DC power systems for the Northern Gas Pipeline, featuring solar PV arrays, sophisticated battery energy storage and control systems;
- MPower has worked on a large grid support battery for Endeavour Energy that will augment the grid in times of peak demand, potentially delaying the need for major capital expenditure associated with growing power demand in a residential area;
- MPower is currently commissioning a 5.6 MWh energy storage project in the Cook Islands, a project intended to provide increased flexibility for the island's electricity utility to manage the increasing renewable generation feeding into the local grid.

Momentum within the business development team gained pace during the first few months of this financial year. Business development takes time. In early October a contract in excess of \$3 million was secured with CS Energy to provide high technical specification standby power for the Kogan Creek Power Station. Kogan Creek Power Station features Australia's largest single generating unit and is a major baseload generator in the National Electricity Market. MPower's system, to be substantially delivered this financial year, will be used to supply power to the power station during major overhauls and to ensure safe shutdown of the unit in the event of loss of network supply. In short, MPower is tasked with ensuring reliability for a critical infrastructure asset.

Two weeks ago, we announced a full contract for a 5MW (6.1MWDC) solar farm being developed by Renew Power Group Pty Limited in Port Pirie, South Australia. The contract, valued at more than \$8 million, incorporates the \$1.4 million early works arrangement announced earlier in the financial year. It is expected that this renewable energy project will be substantially completed this financial year.

MPower's current order book is in the process of being strengthened further and new business development activity remains at a high level, particularly with new decentralised power generating opportunities which we are expecting to translate into further project wins in the coming months.



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I would also like to comment that significant efforts are being made to contain costs and we expect that as MPower evolves from its former life as Tag, there will be a streamlining of corporate and operational structures. This is not just in the projects area, but also in MPower's distribution activities where there is a focus on batteries and solar componentry, particularly for off-grid situations in Australia, New Zealand and the Pacific; and that also includes the proprietary Bardic emergency lighting range which is becoming more recognised as a quality MPower brand.

We continue to progress our previously announced proposal to acquire the Energy Made Clean (EMC) business. The acquisition is taking longer than expected to bring to a conclusion due to a change in the vendor's circumstances since the transaction was first announced. Nevertheless, the rationale for the acquisition remains the same, namely to increase MPower's footprint on the West Coast of Australia and further MPower's capability in renewable energy and battery storage.

The proposed transaction is still subject to a number of conditions precedent – most importantly for us is agreeing changes to EMC's joint venture arrangements to our satisfaction – but also third-party consents, a capital raising by Tag, and also other conditions. As at today, a number of these conditions have not been satisfied and it is unlikely that the targeted completion date of 30 November 2018 will be met, at which time the Share Purchase Agreement drops away unless agreement is reached on an extension. We are clear in our approach that we will only proceed if the final terms of the transaction are acceptable to us and the transaction adds further benefit to what we are already doing.

Finally, we have announced a capital raising today of approximately \$3.6 million to strengthen the company's balance sheet and assist the company to scale-up its activities. A placement of 19,230,769 shares at 5.2 cents per share, raising \$1.0 million has been undertaken. At the same time we have announced a 2 for 5 pro-rata non-renounceable entitlement offer to raise up to \$2.6 million. The major shareholder, Anthony Australia Pty Ltd, is participating in the placement and will also support the entitlement offer by no less than \$700,000 and we hope that as many shareholders as possible will participate.

**ENDS**

### **ABOUT TAG**

Tag Pacific Limited is a Sydney-based investment house listed on the Australian Securities Exchange with a focus on niche areas of the power industry. Tag has invested in a diverse range of companies and activities that have been brought together primarily to operate under the banner of MPower. The company's mission is to invest in the power industry in a manner that creates and enhances value over time.

### **ABOUT MPOWER**

MPower is an Australian owned and operated subsidiary of Tag Pacific Limited and is an industry leader providing innovative, reliable products and power solutions on a national and international level. Our capabilities are like no other; we combine new and old technologies with a skilled and experienced workforce to create dependable products and power solutions that last the distance. Put



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simply, we have the energy to deliver and can create products and solutions from solar panels and batteries to engineering, technical support and full turn-key systems.

### **FORWARD LOOKING STATEMENTS**

All statements other than statements of historical fact included in this document including, without limitation, statements regarding future plans and objectives of Tag, are forward-looking statements. Forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Tag, its directors and management that could cause Tag's actual results to differ materially from the results expressed or anticipated in these statements.

Tag cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this document will actually occur and investors are cautioned not to place any reliance on these forward-looking statements. Tag does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, except where required by applicable law and stock exchange listing requirements.

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