

ASX/Media Release

1 September 2015

ASX code: SOO

Company Update – Poised for Growth

Highlights

- Retail electricity business undergone major growth – 20,000Mwh in May to 182,000Mwh in August 2015.
- 2.35MW of Commercial Solar Installations completed to 30 June 2015 - a further 2.40MW is contracted with installation underway.
- Entry in to retail gas market - annualised contracted load of 630,000GJ as at August 2015 with ongoing month-on-month growth.
- Commitment to deliver battery storage solution to expand service offering.
- \$1m funding facility agreed to support growth.

Solco Limited (ASX: SOO) (**Solco**, the Company) is pleased to provide the following update on its activities and operations in support of its 2015 Annual Report, which was released today.

Solco is an independent Australian 'Clean Tech Energy Retailer', focused on reducing customer utility costs and reliance on grid energy through the provision of clean technology opportunities to progressively transition customers away from traditional grid energy.

The year ended 30 June 2015 was a period of consolidation and transition for the Company, highlighted by its acquisition of the GO Group businesses and the successful re-listing on the ASX subsequent to the year end.

Both these activities required a significant investment of time and resources. Having been successfully completed, Solco is now well position to execute its business model as a leading provider of clean energy solutions for the benefit of customers and shareholders.

Financial performance

Solco reported revenue for the 2015 year of \$23 million. It should be noted that this figure was impacted by the exclusion of \$49 million in revenue from the CO2Markets businesses prior to their acquisition. During the year the Company committed significant resources to develop the GO Group business as a scalable retail energy business, and its commitment to this goal is reflected in an after tax loss of \$2.8 million (the reported \$7.9 million result excludes earnings not recorded for CO2markets and includes acquisition write offs and impairment as detailed in the 2015 Annual Report). The Company is now well positioned for future financial growth and anticipates a substantial increase in revenues in 2016.

Full details on the Company's financial position is provided in its Annual Report.

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Business highlights

Retail electricity market growth

Solco has commenced selling Commercial & Industrial (C&I) and Small-to-Medium Enterprise (SME) retail energy contracts. In the current calendar year Solco has entered into over 800 customer contracts (NMI) including a number of large companies and well known brands. This part of the Company's business continues to experience substantial growth and will be a key focus in 2016. Solco is now working with many of its contracted customers for grid electricity to supply renewables in the form of Solar Power Plant Agreements (Solar PPA) to suitable sites.

This growth has been supported by the implementation of a fully automated billing platform, in May 2015. Contracted customer volume has grown rapidly from 20,000Mwh in May to 182,000Mwh in August 2015 including 107,000Mwh contracted in August alone.

Commercial Solar – Solar Power Plant Agreements, Sale or Lease

In the 2014 financial year, the Company completed a pilot of a consumption-based Solar PPA, and by 30 June 2015 had completed the installation of 2.35MW of commercial Solar. 1.2MW of the total systems installed have opted for a Solar PPA over traditional financing due to the unique structure developed by the Company, whereby the customer only pays for power it consumes and not power that is generated by the system.

Earlier this year, the Company secured a \$25 million Solar PPA funding facility. This has allowed it to increase sales penetration of its Solar PPA offer. As a result, the Company has contracted a further 2.4MW with 85% of sales opting for a PPA over purchase or lease options. Installation of the 2.4MW commenced in Q1 FY16 and validates the business model.

The Company has a strong pipeline in place for commercial solar systems up to 100KW in size.

Retail gas market

Solco launched a pilot retail gas product and has built an annualised contracted load of 630,000 GJ in New South Wales as at August 2015, starting from a zero base in January 2015. Volumes continue to increase month-on-month, and expansion into Queensland is planned for later this year.

Expansion into Battery Storage

Solco is also focused on delivering a battery storage solution, and plans to commence pilot programs this year. This as an exciting opportunity to expand business opportunities within the existing customer base, and generate new business via the bundling of grid electricity, Solar PPA and battery storage to reduce customer reliance on grid energy.

With recent trends in cost reduction generated by lithium energy storage technologies coupled with the development of highly integrated software functionalities, Solco is developing a new breed of energy service offerings focused on the delivery of highly integrated, smart energy storage solutions for its customers. The Company will provide regular updates on the progress of its battery storage business plans in the coming months.

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Shareholder support

Solco expects to conclude negotiations with M&H Developments Pty Ltd, a party associated with its majority shareholder Urban Group Energy Holdings Pty Ltd, during the next week for a \$1 million debt facility (M&H Facility). The M&H Facility will be drawn down over the coming three months, and will fund security deposits required for a new retail electricity contract which commences on 1 October and for working capital. Discussions are continuing with a number of traditional and alternative debt providers with the view to providing working capital funding for the Company.

Mount Majura Solar Project

The Company has terminated its involvement in the 2.3MW Mount Majura solar farm project as of 31 August 2015. Due to a fall in the Australian/USD dollar exchange rate, and despite the best intentions of the parties involved in the project, the parties have been unable to reach agreement on energy pricing that would lead to an acceptable return to Solco shareholders.

The Company remains focused on building its retail energy and renewable aggregate businesses. Large scale projects will only be considered where a long term return for the benefit of Solco shareholders can be achieved.

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About Solco

Solco Limited (ASX: SOO) is an independent, ASX-listed clean tech energy retailer and financier. Holding energy retail licenses in New South Wales, Victoria and Queensland, Solco provides business customers with an innovative approach to reduce energy costs through a combination of solar based power purchase agreements, energy efficiency products and grid energy solutions.

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