



CHAIRMAN'S REPORT 2016

The year in review has been one of many challenges for the board of Sundermann Water Power Ltd.

The aim for the last 12 months has been to progress with commercialization of the turbine. This is proving extremely difficult due to the stalling of license negotiations with Steinhardt Wassertechnik and failure to find an alternative partner to further develop the turbine.

To characterize the current design's performance, SWP entered into an arrangement with Steinhardt Wassertechnik GMBH (SWT) and Professor Nicole Saenger (a leading European expert in water turbines) of the University of Applied Science (UAS) in Darmstadt, Germany.

Under this agreement, SWT fabricated 3 small test unit to our design and UAS conducted preliminary testing ahead of a major study to be funded by a German Government grant.

This preliminary test results show peak efficiency at low rpm (15-20 rpm) at flow rates of 35-45 litres/second with water level drops of only 0.2 to 0.3m. peak efficiency at low rpm

Steinhardt Wassertechnik planned to undertake more extensive and larger scale testing in conjunction with Prof Saenger's team at the University of Applied Science. Further research is dependent on funding in the order of 100,000 Euros.

Steinhardt Wassertechnik and Professor Saenger withdrew the funding application because of a patent on a design with some similarities to the SWP turbine in the name of Hans -Ludwig Stiller. The patent attorney for SWP is confident that SWP IP would not impinge on the Stiller patent, however the uncertainty has halted progression with the funding application.

Dr Ulrich Hartig has engaged in discussions with Hans –Ludwig Stiller and a meeting is planned in the next few weeks in Germany. It is hoped that an agreement can be made to remove the perceived barrier to SWT and Professor Saenger applying for further funding.

The SWP board, assisted by John Gwyther, has been very active in pursuing business relationships with other possible partners. The board members have met with a representatives from Rotafab, Nextera, Shisham Stanley and AGL . In addition Fred

Sundermann and John Mitchell met with Senator Ricky Muir in December 2015 to ascertain what options for funding are available from the Federal Government..

The board has explored grant applications from Australian Renewable Energy Agency (ARENA) as well as the Victorian Government's New Energy Jobs scheme. These grant schemes do not suit SWP as they require the applicants to be quite advanced in commercialization and must have already secured part funding.

SWP is operating under very tight financial circumstances. Protection of the intellectual property has been a priority and the patent has been maintained in countries most relevant to SWP including Austria, Australia, Canada, Switzerland, France, Italy, Germany Great Britain, Japan and New Zealand . I have continued to contribute funding to ensure that SWP remains solvent.

Leigh Bennett has resigned from the board due to other work commitments. I would like to thank Leigh Bennett for his long service to Sundemann Water Power. Leigh has tirelessly explored funding options, completed applications, written innumerable documents and provided the newsletters for SWP. Due to the efforts of Leigh and Ed Gibson, the Managing Director at that time, SWP was a successful finalist in the Cleantech Ideas awards in 2011. I wish Leigh well in his future projects.

Thank you, also, to the current board members, Dr Ulrich Hartig and John Mitchell as whose energy, dedication and determination is inspiring. Thanks also to Anne Hallam, our company secretary and John Gwyther.

I remain convinced that the design of the SWP turbine has enormous potential to provide cheap, reliable renewable energy, highly desirable when costs to produce power from conventional plants is rising. Looking to the future, the board of SWP will continue to explore every avenue available to make progress. As well as continuing to work with Steinhardt Wassertechnik, the board is working towards finding a potential pilot turbine host site in Australia.

Fred Sundermann

Chairman

Sundermann Water Power

