



INVESTORS' NEWSLETTER

AUGUST 2011

LATEST NEWS

In a Nut Shell

- 1 T3 is almost completed
- 2 Patent Protection still advancing throughout the world
- 3 Control Test being planned & Static Site options being assessed
- 4 Materials for a stable platform for marine trials being acquired
- 5 Next round of ASSOB funding to begin in August
- 6 Grants being pursued



The Directors of Sundermann Water Power Limited have much to report and are excited with what we have achieved in the company over the last 6 weeks.

A week of meetings, site investigation, strategy planning, costings and supplier liaison has just been undertaken.

We are facing perhaps the most challenging stage of any start up company, known in commercialisation circles as the "chasm" – bridging the gap between an innovative idea / technology and getting over the other side with a commercial product and the financial resources to get to market.

Our approach has been to be frugal with our scarce financial resources, to remain focused on getting a well designed, well engineered turbine and to work within our means.

This may seem like slow progress from the outside but we believe it works in the best interests of shareholders.

We are pleased to report on the following positive developments which make us confident of crossing that bridge to commercialisation.

T3 Manufacture

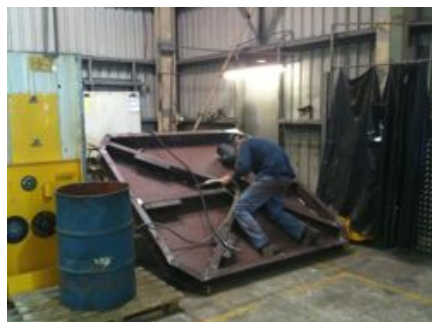
The T3 turbine is almost completed, being expertly manufactured by GMG

in Maryborough, Queensland. The photos below show the turbine in the last week of July during a visit to the factory by the board of SWP. This was an opportunity for inventor and founder, Fred Sundermann to delve into the detail and exchange ideas with the engineers and project managers on site.

Numerous enhancements and ideas were made and we are very confident with GMG's capacity to deliver and for us to determine potential future cost savings.

Ed Gibson
Chairman, SWP

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Control Test & Site Testing

The Board has spent considerable time planning, costing and devising a control test which we are intending to conduct in a reasonably benign marine environment.

One idea is to use a barge or large boat to tow a specially designed and fabricated platform with the T3 Turbine to ascertain its technical veracity. This way we control key variables such as speed and safety.

It has been essential for us to undertake due diligence on the trials to ensure we comply with maritime safety and compliance restrictions and also to scope adequate insurance.

Following this control test we will repeat the exercise after recalibration and adjustments and collect technical data.

Our subsequent trials will be via a static test, most likely in a river environment to test the efficiency of the device in solving slow current power generation needs of future customers.

Regulatory restrictions have made finding a suitable static site difficult but we have explored options in an 800km radius from the site of manufacture.

Considerations are that we do not want too remote a location as an imperative is to get journalists, government agencies and potential customers to view the trial, nor do we want the high cost of transport.

ASSOB Prospectus

We have filed another Investor Prospectus with ASSOB and await its approval. We needed time to get our information updated and to get to a specific stage in the current manufacture of T3 and the trial preparations before finalising it. We

hope the offer is well subscribed and it will allow us to progress to the next stage of our business, post manufacture.

Government Liaison & Grants

We have spent much time forging strong ties with Ausindustry, Qld TradeStart and Commercialisation Australia. The former have provided good advice and information and offer an avenue for accurate, credible market advice in the future.

Commercialisation Australia offers grants, one of which is for Access to Skills and Services. We have successfully stepped through stage one of this process, have a CA case manager attached to SWP and now need to complete the detailed application for funds, as the next step. This would provide funding for market information, alignment of technical reports with customer / market needs, framing of a marketing strategy, etc.

The other aspect of CA's involvement is on-going advice from the case manager and subsequent help for other levels of funding (i.e. Proof of Concept) if successful.

