



ABOUT ENECO

ENEKO is a U.S. company that has developed a breakthrough in energy conversion. Its Thermal Chip - a new type of semiconductor - can efficiently and cost effectively convert heat into electricity, leading to substantial energy savings and a reduction in harmful emissions.

The Thermal Chip is in some respects similar to a fuel cell, but a fuel cell converts the *chemical energy* of a fuel to electricity whereas a Thermal Chip converts *heat energy* to electricity. Its energy density (a measure of power production for a given weight or size) is 5 times better than current lithium-ion-batteries and 2-4 times better than future micro fuel cell capabilities projected for 2010. The Company has broad protection from a spread of US and international patents. The Thermal Chip has the following key characteristics:

- Energy density efficiencies far in excess of all other available technologies.
- Reduced weight and size to fit with the new portable power needs of consumer electronics.
- Semiconductor technology that allows for efficient manufacturing, high reliability, long life, and low maintenance.
- Ability to convert waste heat economically and directly into electric power without moving parts to wear or make noise.
- Readily scaleable from very small to very large applications without losing efficiency or cost effectiveness.

Given the above, there is a real opportunity for ENEKO's technology to become the "standard" across industry for direct energy conversion products and components. ENEKO's business strategy, subject to funding, includes the following key steps

1. Complete the final design and engineering tasks necessary to deliver product samples to customers.
2. Serve the existing thermoelectric market (\$250m pa) with replacement products or licensed technology, depending on customer requirements.
3. Develop and sell a family of high value, small-scale products in markets where performance rather than cost is the key driver. Such markets span electronics, telecoms, aerospace, and security, and run to several billion dollars annually.
4. Seek joint ventures and strategic partnerships to serve the very large mature markets in transportation, power generation, residential heating and cooling. Such markets present a unique global opportunity, which will take time to exploit, but where market size is many billions of dollars annually.

The Company has already undertaken contracts for the Defense Advanced Research Projects Agency (DARPA), the U.S. Navy, and the National Science Foundation with support from US Magnesium Corp. A number of leading organizations and companies are negotiating with ENEKO to develop products specific for their

requirements

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