



## Media Release

30 August 2006

# Wellington Drive Technologies Agrees Conditional \$40 million Capital Raising and Alignment with US Partner

The Directors of Wellington Drive Technologies Ltd (Wellington) are pleased to announce that they have reached agreement in principle with a US investment group, Source Vortex LLC, for Source Vortex to subscribe for \$40 million of new equity capital in Wellington and become actively involved in Wellington's future development. This agreement is subject to Wellington shareholder approval and final confirmation by Source Vortex.

Completion of this transaction will be a significant milestone for Wellington, laying the foundations for accelerated growth in Wellington's sales and earnings. The additional capital raised will allow Wellington to significantly accelerate its sales growth and its programme to reduce production and logistics costs. The additional capital will be enhanced by the involvement of a value adding US based shareholding partner.

Under the agreement:

- Source Vortex will subscribe for 100 million ordinary shares (representing a 33.4% stake in Wellington) at \$0.40 per share, raising approximately \$38 million after costs and fees;
- 35 million options will be issued to Source Vortex and will be exercisable at \$0.60 per share, for a period of 12 months, if Wellington's weighted average share price remains at or above \$1.20 for a continuous 20 day trading period over the next two years; and
- Two nominees of Source Vortex will be appointed to Wellington's board.

Based in Boulder Colorado, Source Vortex is a special purpose entity created by Conscious Capital Fund ([www.consciouscapitalfund.com](http://www.consciouscapitalfund.com)) for the purpose of this investment. Source Vortex principals, Michael Jude Lopitz, Aubrey Hornsby and Peter Lopitz, have substantial experience and expertise in areas that we believe will be valuable in helping Wellington achieve its objectives. These include:

- Extensive sales, marketing and technical development experience within both small and substantial businesses;
- Financing, ownership and management of a large number of small to mid sized companies in a wide range of industries, including manufacturing, energy resources, scientific R&D, natural products, environmental services, medical and real estate;

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- A high profile within the growing section of the investment community in the United States that is focusing on environmentally sustainable developments; and
- A good contact network in our marketplace in North America, including with existing and prospective customers and regulatory and political bodies.

We believe that the active involvement of Source Vortex's principals will significantly enhance Wellington's development and profile in the important North American markets and worldwide.

The funding for this transaction will be provided through investment into Source Vortex from a combination of Source Vortex principals and their US investor base. Source Vortex has successfully completed its due diligence on Wellington, and, under the agreement, is to confirm by 29 September that the full level of investment has been committed by its investor base.

In addition to active involvement by Source Vortex, Directors believe that Wellington's development will be significantly accelerated through additional investment, in the first instance in two key areas: additional sales and support infrastructure in off-shore markets and the purchase of plant, and other initiatives, aimed at reducing production and logistics costs. The level of capital available will also allow Wellington to achieve second and third order gains in sales and gross margin improvement, and further strengthen and enhance Wellington's longer term competitive position and product/service offerings.

Importantly, Wellington's financial strength, in the eyes of its conservative marketplace, should be improved sufficiently to unlock a significant number of new orders, thus providing additional acceleration to Wellington's sales growth.

We believe that significantly accelerating Wellington's development is achievable through a proposal, such as this, that delivers both a significant amount of capital and experienced input in terms of senior personnel, particularly with sales and marketing experience and contacts in important international markets. We believe this proposal will deliver returns to shareholders that will more than outweigh the dilutionary effects of the additional shares on issue.

In accordance with the Company's Constitution and the NZX Takeovers Code, once final confirmation by Source Vortex is given, Directors will put this proposal to Wellington's shareholders for approval at an Extraordinary General Meeting in October. An independent appraisal report is being prepared by Grant Samuel on the merits of the proposed transaction.

For further information, please contact:

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