

1st August 2019
Air Future Activities

Dear Shareholder

The following is an update of our growing activities.

OUR ACTIVITIES

MDI's increasing activities, provides us with more confidence to introduce Air Future as a provider of affordable renewable transport, renewable energy and compressed air energy storage products.

Current planning activities include preparation for showcasing the MDI vehicles as they become available, demonstrating the MDI solar electricity generation and energy storage capability, preparing applications for factory funding, establishing alliances.

MDI ACTIVITIES

Golf Cart – Green'Air

The party requesting golf carts for their new golf course have now ordered 160 golf carts. MDI have completed the design of the carts and work is nearly completed configuring the interim manufacturing line in the Carros factory.



The golf cart manufacturing process is simple and one of 'assembly' rather than 'manufacture'. The fibreglass panels are made in the factory by MDI and the additional components (wheels, brakes, pedals etc) purchased.

The same party requesting the carts is now considering a Green'Air golf cart manufacturing factory within their own country.

Additional contracts: MDI also has additional pre-order contracts in place through their existing contacts for several hundred golf carts.

The MDI Green'Air golf carts are designed to be versatile vehicles suitable for both golf courses and other mobility requirements such as gated communities, airports, ports etc. We see great opportunity for this type of simple vehicle in rural districts and dairy farms in particular as 'green carbon neutral vehicles'. Cyril is also exploring homologation of the Green'Air for on road certification. The homologation requirements for this relatively uncomplicated vehicle are straightforward and comparatively inexpensive.



Buses

MDI have been requested by an Italian company to design a bus for manufacturing under licence in Italy. This is good news and shows the opportunity for MDI to provide a complete urban transport sustainability package (Tuk Tuk, Green'Air, AirPod, AirOne, Buses). MDI's first step is to build a demonstrator bus under contract and following this the Italian party intends to make the buses in Italy. The buses are to be 8 meters long (conventional buses are approx 14 meters long) and will be powered by a 3 cylinder 80 kW engine.

AirLab Solar Energy demonstration at Carros

The solar panels sufficient to cover 120 m² have arrived from China. Initially the AirLab demonstration will be simple and include an MDI motor/generator generating electricity from stored compressed air. The overall objective of the demonstration is to obtain efficiency and performance criteria and demonstrate the round trip advantages of the MDI renewable energy and compressed air storage system compared to other battery systems currently available. We are seeking parties in New Zealand to partner with us and MDI to replicate this demonstration and integrate and tailor for local requirements.

Engine and AirPod Manufacturing

MDI plan to have 10 to 20 engines produced before December with full scale engine production to begin in January.

The same 7kW engine is common to the golf cart, the AirPod and the electricity generator.

Delivery of product for showcasing and demonstration

A November/December delivery of a Green'Air golf cart for demonstration is being discussed. Delivery has to be coordinated with MDI's own local showcasing demands.

Delivery of an AirPod is planned to follow the completion of the homologation process and the Belgium assembly line – this will be in the New Year.



Engine availability for our New Zealand or Australian solar electricity and compressed air energy storage demonstrations are also under discussion.

N.Z. Government Activities

'Moving the light vehicle fleet to low-emissions' – consultation document

The government is asking for feedback from the general public on a recent consultation document prepared by the Ministry of Transport.

In her Ministerial Forward the Hon Julie Anne Genter, Associate Minister of Transport says: "The government is proposing to introduce two proven policies to increase the supply and reduce the cost of fuel efficient and electric vehicles coming into New Zealand.

The first policy is the Clean Car Standard (which is a vehicle fuel efficiency standard).

This policy would require vehicle importers to bring in progressively more fuel efficient and electric vehicles.

The second policy is the Clean Car Discount (which is a feebate scheme). This policy would make fuel efficient and electric vehicles more affordable for Kiwis to buy, potentially by a discount of up to \$8,000 for new vehicles and \$2,600 on used vehicles.

The consultation document outlines the details of the Clean Car Standard and Clean Car Discount and seeks your comment on them. I am committed to working with you to make these policies effective, fair and durable."

Shareholders should ensure that the policy aligns with Air Future's plans for the **introduction of air cars** as it appears the policy may only apply to imported vehicles not any built in NZ!

The consultation document is available at: <https://transport.cwp.govt.nz/clean-cars/>

Shareholders may like to consider the following three points when making submissions.

- That our Air Future/MDI ‘air cars’ with compressed air energy storage (batteries) should be considered in the same light as electric vehicles with conventional battery storage.
- That the import model of subsidising imported fuel efficient and electric vehicles is applied to our locally manufactured vehicles.
- That the AirPod is recognised as an ideal vehicle for inner city and local service within cities and towns in the majority of countries throughout the world. However the road user vehicle classification regulations in New Zealand have not yet been adjusted to include the AirPod category for on road certification restricting the AirPod to off road uses only. Such restrictions go against the objectives of the government low carbon policy initiatives and the AirPod, a near globally accepted small inner city vehicle that provides zero CO2 emissions, is consequently not road certifiable within New Zealand.

Pacific Power Association

In July, Russell Fitts attended the 28th Annual Pacific Power Association (PPA) Conference and Trade Exhibition hosted by Te Aponga Uira (TAU) in Rarotonga, Cook Islands. The theme of the conference was “**Sustainable, Reliable and Affordable Renewable Energy**”.

Each year around July/August, a diverse mix of electric utility and energy professionals including project developers, equipment suppliers, service providers, regional organisations, government officials and development partners convene at a location in the Pacific to network, discuss issues, exchange knowledge and build business.



The conference is the largest energy conference in the region focusing on all aspects of electricity in the Pacific Islands. The conference was attended by over 220 delegates with 36 trade booth displays.

The presentation topics covered solar energy, wind farming, hydro, tidal energy and battery storage. It was an excellent opportunity to meet Pacific island representatives and industry leaders and introduce Air Future, renewable energy and compressed air energy storage (and transport). Energy storage is a principal focus and goes hand in hand with all the renewable programs taking place. The upfront cost of batteries and the overhead of replacing them (both in \$ terms and physically collecting them for possible recycling) at the end of their productive life is a major concern. Our main objective was to create product awareness. The opportunity to have clean, efficient, scaleable and affordable energy storage in contrast to batteries appealed greatly.

GENERAL

The opportunities for "MDI by Air Future" products in transport and energy become more evident daily, highlighted by the electricity industry’s urgent need for affordable energy storage and the New Zealand government’s determination to increase the supply and reduce the cost to consumers of electric vehicles.

Capital Raising Activities

Information Memorandum

As our Financial Statements have been recently completed and filed we have updated the Information Memorandum accordingly.

Our focus on working capital continues

As an interim capital raising measure Air Future is seeking to raise funds under a small offer to New Zealand shareholders and interested parties by making an offer as defined in clause 12(5) of Schedule 1 to the Financial Markets Conduct Act 2013 on terms as described in the Information Memorandum (the Offer).

Air Future Ltd shareholders are welcome to request the investment Information Memorandum.



In compliance with the Financial Markets Conduct Act 2013 to ensure that this newsletter is not taken as an offer document we are obliged to present the following statement

- (a) Please note that under this shareholder letter no money is currently being sought; and
- (b) that financial products cannot currently be applied for or acquired under the offer or intended offer; and
- (c) that, if the offer is made, the offer will be made in accordance with the above Act; and
- (d) the Company is seeking preliminary indications of interest and if you have an interest please request an Information Memorandum from the Company; and
- (e) Please note that no indication of interest will involve an obligation or a commitment to acquire the financial products.

Both Mick Kain and Russell Fitts are available to answer any questions.

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To request an Information Memorandum please phone

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Or email info@airfuture.co.nz Or phone or txt mobiles below.

Yours sincerely,

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