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For more information, contact:
Jim Gill, 248-892-6309
E-mail: jim.gilljr@gmail.com

XALT Energy Announces Lithium Battery Supply Agreement with Chinese Bus Manufacturer

Export contract to bring more than 300 new High-Tech and Manufacturing Jobs to Michigan

MIDLAND, Mich. – XALT Energy, LLC (“XALT”), a leading developer and manufacturer of lithium-ion batteries, today announced it has signed a global exclusive agreement with Hybrid Kinetic Group “HK Group” of China for the supply of its Lithium Titanate (LTO) batteries from its manufacturing facilities in Midland for all-electric buses in China. Production is expected to begin during the 3rd quarter of 2015. The multi-year contract, valued at more than \$1.0 billion, will create 300 new high-tech and manufacturing jobs in Midland this year. Hiring is underway with 80 positions expected to be filled in April.

Dr. Yung Yeung, Chairman of HK Group, said, “XALT’s high quality and cost competitive battery products fit very well with our group’s strategy of launching all-electric public transit buses in large scale with our unique business model. This supply relationship is a fine example of Sino-American energy cooperation.”

“It has always been our objective to enable electrification of global transportation markets since we ventured into the battery industry several years ago,” said Dennis Townsend, Chairman of XALT. “Today’s signing of the exclusive supply agreement with the HK Group witnesses a significant step forward towards that goal.”

Faced with dire environmental pollution, especially smog, China is taking many steps to reevaluate traditional transportation models supported by fossil fuels. These steps are anticipated to create significant long-term demand for both electric buses in the country’s large and medium sized cities, as well as the batteries that power those buses.

The electric buses will be fully powered by XALT batteries. Each bus will have 68-100 KWh high performance rapid charging batteries, which can be recharged in less than 10 minutes. These electric buses will be leased to municipal transit operators throughout China.

"The XALT team is pleased to partner with HK Group on this project," said Subhash Dhar, CEO of XALT . "Today's announcement demonstrates a clear commitment to modernizing global transportation needs through environmentally clean technologies. One of our core values is the care for the environment. These new, technologically advanced electric buses will reduce greenhouse gas emissions significantly,



compared to current diesel powered buses, while ensuring the highest level of efficiency, performance and reliability."

XALT has enjoyed great support from the U.S. Department of Energy, the State of Michigan, including the Legislature, the Michigan Economic Development Corporation, the Michigan Department of Treasury, and the Michigan Department of Environmental Quality, as well as the City of Midland. XALT will continue to work with these agencies on various programs as it moves forward to bring high-quality jobs to Michigan.

To date, XALT has invested more than \$600 million in its world-class, fully-automated flexible Lithium chemistry -based manufacturing facility in Midland. The company currently employs 130 people. Utilizing its state-of-the-art production operations, proven technology and talented human capital, XALT delivers practical, cost effective and well-engineered energy storage solutions to its global customers in commercial transportation, as well as marine, and stationary power application industries.

XALT unites its large-format cell technology with the market applications, manufacturing expertise and industry knowledge necessary to be a revolutionary advanced battery manufacturer. XALT continues to expand its knowledge and expertise to explore and evaluate next generation Lithium-ion battery technology and engineered solutions for current and future applications.

About XALT Energy and Townsend Ventures

Based in Midland, Michigan, XALT Energy (originally founded in 2009 as Dow-Kokam, LLC) is a leading developer and manufacturer of prismatic, large-format lithium-ion battery cells and packs. Based on its proprietary technology and using its state-of-the-art high volume battery manufacturing technology, XALT has become a leading innovative battery manufacturer. XALT is the sole supplier of Lithium-ion batteries for the Formula E race series.

XALT and Energy Power Systems, LLC , an advanced battery technology company with manufacturing operations in Pontiac, Michigan are both subsidiaries of Townsend Ventures, LLC. For more information please visit www.xaltenergy.com, www.energypowersystems.com, and www.townsendcapital.com.

About Hybrid Kinetic Group and Billion Energy Holdings Ltd.

Billion Energy Holdings Ltd. is a Hong Kong-based, fully-owned subsidiary of Hybrid Kinetic Group. It was established specifically for the implementation of energy conservation and environmental protection solutions. It will first promote the rapid adoption of electric buses, then the adoption of electric logistics vessels and electric taxis, and finally the electrification of private cars. The ultimate goal is to help realize zero-emission of all vehicles operating in city centers. Hybrid Kinetic Group combines its high performance rapid charging LTO batteries with a unique business model to provide municipal bus companies with low-cost emission solutions.

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