



ASX ANNOUNCEMENT

TAG AND MPOWER 'INTEGRATION PROPOSAL' GOES UNCONDITIONAL

- **MPower to be fully integrated into Tag – all approvals obtained, conditions satisfied**
- **Issue of free options and fully franked dividend of 5.0 cents per share to proceed**

Sydney – 17 September 2012 – Tag Pacific Limited (ASX: TAG) is pleased to announce that the proposal for Tag to acquire all the shares in MPower that it does not already own is now unconditional.

This follows a General Meeting of Tag shareholders on 14 September 2012 which approved a resolution to issue new Tag shares that will enable the 'Integration Proposal' between Tag and MPower to complete.

Tag's ownership of MPower will increase from 59% to 100%. Tag intends to remain a strategic investment company, but it is now focussed on the power industry where Tag has developed significant expertise and assets. MPower provides a diverse range of power solutions and products to customers in sectors including green energy, domestic, commercial, oil & gas, industrial, utilities, defence and mining. MPower solutions include power generation, power storage, backup power and power conversion.

On 9 July 2012 Tag announced the Integration Proposal to make MPower a wholly owned subsidiary of Tag, subject to various approvals being obtained and certain conditions being met.

All conditions to the Integration Proposal have been satisfied and the two capital management initiatives foreshadowed at the time the Integration Proposal was announced are to proceed.

Commenting on the now unconditional status of the Integration Proposal, Tag's newly appointed CEO Nathan Wise said: "We expect completion to occur on 28 September 2012. I am pleased to say that at every point we have been greeted with strong endorsement of our strategy by our shareholders."

Tag has been transforming its business to focus on specialist areas of power provision services. MPower has achieved significant success in power segments including for the

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mpower
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oil and gas sector, the military sector and in the distribution and installation of solar power and power storage products.

“We have a strong track record of growth and profitability; and now with 100% of MPower coming under Tag’s belt, we are even stronger with unique skills, solid assets and good prospects to expand profitably,” Mr Wise said. “The MPower brand has become synonymous with innovative, reliable and dependable power systems and products and we will build on that with the excellent MPower team.”

The recent success of MPower in winning contracts with the Gorgon project has heralded further expansion in the oil & gas and mining sectors. At the same time other areas of innovation like MPower’s proprietary Grid Stability System for hybrid diesel and solar power systems augur well for MPower’s continued expansion.

Mr Wise added: “In general terms the outlook is very good. However, the nature of project work, economic forces outside our control such as exchange rates, and current worldwide oversupply of solar products create challenges.”

Mr Wise said that management at all levels saw significant future opportunities and he was confident of the capacity to drive the combined Tag-MPower group forward, both organically and by other means.

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