



NEWSLETTER N° 6

APRIL 2003

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Mission Statement

“To become the leading supplier of wind turbines for wind power projects in New Zealand and Australia.”



Welcome to Windflow

Welcome to our sixth newsletter.

We are now approaching the site installation stage as the nacelle assembly and rotating test near completion. The photos in this newsletter provide a graphic record of recent progress.

Media interest in wind power has been high in the last few months due to a combination of positive factors:

- Increasing awareness that wind power is a major player internationally, with great scope in New Zealand
- Concerns about the early depletion of the Maui gas field
- Power shortages threatened this winter due to low hydro lakes and reduced gas flows
- Favourable government moves to stimulate wind power through its climate change policies and proposed amendments to the Resource Management Act.

Windflow has had its share of media coverage as a result, with many journalists visiting the Bremca factory where the nacelle is being assembled.

A series of Open Days was held in late February, for shareholders, VIP's, power company representatives, prospective investors, Gebbies Pass neighbours, and other interest groups. About 150 people were gathered around the test rig at one point, with several hundred passing through over the three days. The 16 metre long blades are also being stored at the Bremca factory, so visitors were able to view them too.

Among the VIP's who visited the factory in February and March were:

- Ministers Lianne Dalziel, Ruth Dyson and Jim Anderton
- MP's Tim Barnett, Jeanette Fitzsimons and Rod Donald
- Regional Councillors Richard Johnson and Diana Shand
- Banks Peninsula Mayor Bob Parker
- Councillors Stewart Miller, Chrissie Williams, Sally Buck and Denis O'Rourke

We felt they all went away well impressed and very supportive of our project.

We now look forward to erecting and commissioning the wind turbine in the next few weeks, after which we intend to proceed with the Stage 2 capital raising.

Engineering Progress

Nacelle Assembly

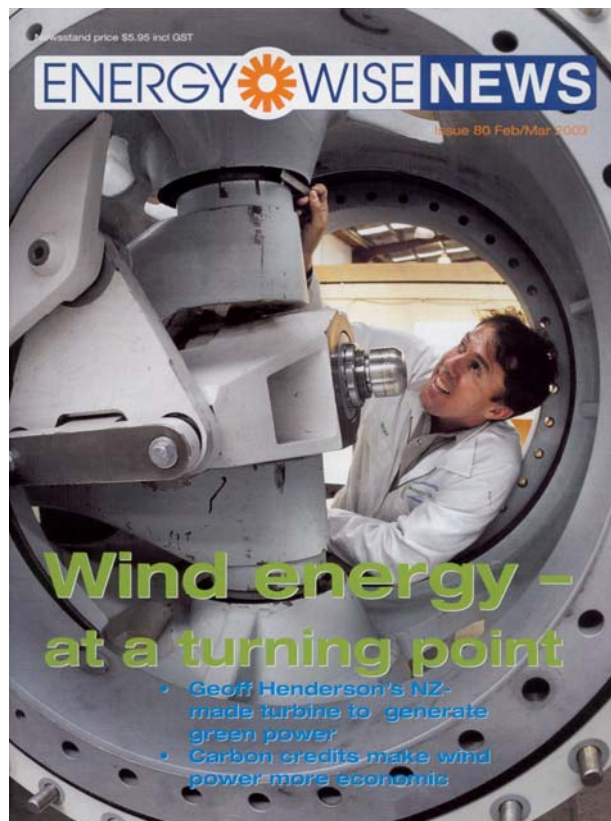
Since the last newsletter the assembly of the drive-train and auxiliary systems to the steel pallet has been completed and they have been undergoing rigorous testing. It has always been our intention to test everything as comprehensively as possible in the factory so as to minimise the amount of commissioning and trouble-shooting which has to be done on site.

The four main systems which are being tested are:

- Drive-train
- Hydraulics
- Electrical
- Controller

In the case of the drive-train for example, we have carried out a 48 hour running test with the generator synchronised with the grid so as to load up the gearbox. (It is a unique feature of the TLG system that we are able to do this much more easily in the factory than other turbine manufacturers.) Much was learned about the gearbox oil system during this test, and it was decided to modify it (the modifications were all external to the gearbox, which has itself performed beautifully.) Subsequently another running test (this time for 24 hours) was carried out and it was gratifying that we were able to achieve a significant and worthwhile reduction in the oil temperature.

Naturally with a prototype unit, this phase of the project has taken time, and in fact it has taken a little longer than expected. There have been a number of irritating, time-consuming things to resolve - nothing significant, just small snags to be worked through.



Among recent media articles about our venture is this cover story.

Cladding



Alan White trying on the nacelle cladding for size

Gearbox Rotating Test

Site Works



The foundation prior to pouring the concrete, showing the reinforcing and holding down bolts



... after pouring, showing the tower base transformer.



The Rotating Test Rig

Future Programme

As can be seen from the accompanying photos, the site is now ready to receive the wind turbine. There are three main modules which are to be assembled and erected on site to complete the wind turbine:

- Tower
- Nacelle assembly
- Blades

The tower and blades are ready. The cladding is ready to fit to the nacelle assembly as soon as the factory testing is complete.

Now that the gearbox testing is complete and its oil system is performing well, we should be able to complete the software testing in the very near future. The cladding can then be fitted in preparation for transport to site.

Barring any further last-minute snags, it should now be only a matter of weeks before the wind turbine is up and running on site. See the photomontage below where the windmill is depicted below the arrow (the tall mast in the left foreground is an existing radio mast, 120 metres high, though the photo has cropped the top 30 metres).



Photomontage showing how the windmill will appear from the Packhorse Hut Track.



Stage 2 Capital Raising

Share Sales

Three parcels of Windflow shares have been traded.

Date:	Number	Price (NZ\$)
13/4/02	2,011	\$1.85
28/5/02	2,000	\$2.10
9/12/02	34,000	\$2.26

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Our intentions for a Stage 2 Capital Raising, as outlined at the Annual General Meeting in November 2002 and in our fifth Newsletter in February 2003, are proceeding through the various documentation stages and largely as planned.

It has been our intention to produce a Short Form Prospectus, although there is a possibility that a Long Form Prospectus may be required. If the latter is required then some extra effort and cost will be needed to produce the larger document.

From a timing point of view we are working at releasing the Prospectus several weeks after the commissioning of the prototype turbine at Gebbies Pass. Once issued, the Prospectus would stay open for about 6 weeks.

Because the release of the Prospectus is more than nine months after our last balance date, an updated set of Audited Financial Accounts needs to be issued. These are presently being prepared.

The Directors are hoping that Windflow will obtain access to the unlisted securities market as operated by the New Zealand Stock Exchange. Such access would assist shareholders who want to trade their renounceable rights and in due course the shares themselves. However there are a number of requirements to achieve this access and it is not presently clear that Windflow will qualify within the appropriate time frames.

If you are aware of anyone who is not currently a shareholder in Windflow but is interested in receiving a copy of the Prospectus and Investment Statement once issued, please ask them to send us their name and contact details (including email) to info@windflow.co.nz or PO Box 25-131, Christchurch.

