

ULTIMATE POWER & ENERGY LIMITED

ACN 159 476 892

21st June 2013

The Manager
Company Announcements Platform
SIM VENTURE SECURITIES EXCHANGE

Dear Sirs

ULTIMATE POWER AND ENERGY LTD - MARKET UPDATE

Ultimate Power and Energy Ltd (SIM:UPE) is pleased to provide the following market update.

Highlights

- Initial Tests of UPE System prototype (UPE 1 System) successful.
- Second UPE System (UPE 2 System) developed with promising results.

UPE1 System

Since listing on SIM VSE on 24 October 2012, UPE has built a working prototype of the UPE 1 System. The UPE 1 System is a system designed to convert wind energy generated from a moving motor vehicle into electricity which is stored in batteries and which in turn can be used in domestic and commercial applications.

The prototype UPE 1 System has been installed in a vehicle and initial tests have been successful with the system working as expected. Further testing is continuing on the system.

UPE 2 System

While the prototype of the UPE 1 System was being built and installed in a vehicle, design work on the UPE 2 System was commenced and prototype systems were built and tested.

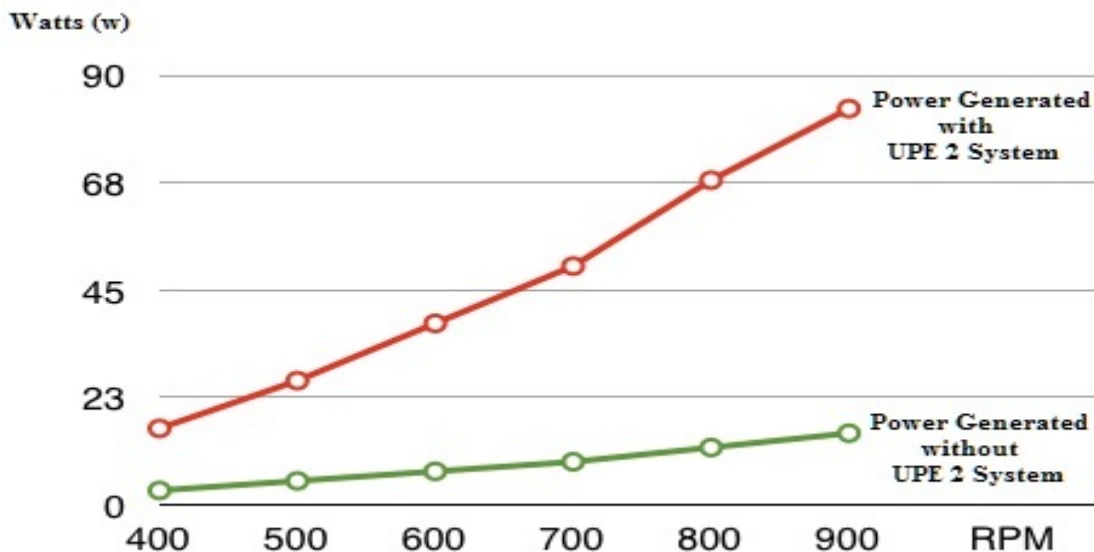
The UPE 2 System is a device which improves the efficiency of a power generation system. The Company has applied for patents in respect of the UPE 2 System.

The UPE 2 System has been tested using motors producing between 100 and 4,000 watts of power in conjunction with generators which produce between 100 and 5,400 watts of electrical power.

The graphs below show the results of early testing of the UPE 2 System.



UPE 2 System test results for a test conducted in Shanghai, China using a 220V, 750 W 3-phase electric motor (driven by a VSD that controls the RPM of the motor) coupled with a 24 V, 1000W 3-phase generator with a 100 W load.



UPE 2 System test results for a test conducted in Melbourne, Victoria using 220V, 750W 3-phase electric drive motor (driven by a VSD that's controls the RPM of the motor), coupled to a 24V , 1000w 3- phase generator with load of 500W.

Further tests for the UPE 2 System are now planned including tests where the system will be connected to a 6000kw motor.

The UPE 2 System is expected to have wide application in power generation systems. The Company plans to test the device with hydro, wind and thermal generation systems. The UPE 2 System is also being trialed in combination with the UPE 1 System as in theory it will improve the energy generation efficiency of the UPE 1 System.

**FOR AND ON BEHALF OF
ULTIMATE POWER AND ENERGY LTD
YANG (MICHAEL) ZEMING
CHAIRMAN**

Please refer to our website www.wupenergy.com for more detailed information on Ultimate Power and Energy Ltd. UPE is listed on the SIM Venture Securities Exchange [www.simvse.com.au] [SIM:UPE].