

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

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Dear Shareholders,

Some shareholders here today, like a number of current shareholders, have been shareholders since EnviroMission first listed in 2001. Some of our earliest investors have also increased their initial shareholding inline with important development milestones that have either been achieved or were close to being achieved.

There are shareholders that have also invested at various intervals along the way in the shared belief that some ground would soon be broken or events like potential for landmark funding would compel a more certain development outcome. And, there are shareholders that have not maintained their investment in EnviroMission due to their personal investment needs for more immediate value.

It is fully appreciated that shareholders seek value from their investments and as we know from EnviroMission shareholder feedback, many EnviroMission shareholders also hold an altruistic desire to be part of a clean and sustainable energy outcome for *every good reason* such as concern about the environment and the effects of pollution on climate change.

As a developer without an income stream, EnviroMission offers no short or medium term prospect for shareholder income growth from dividends; EnviroMission is therefore cognizant of the importance of the achievement of milestones and inroads to provide the opportunity for capital growth relative to development certainty.

And EnviroMission is also cognizant that development certainty has never appeared more challenged than after the former Federal Liberal Government's award of substantial Low Emission Technology Demonstration Fund (LETDF) grants to 'clean coal' technologies ahead of renewable energy technologies.

That challenge was further increased following the then Federal Liberal Government's call for nuclear energy development as the panacea to Australia's future electricity needs.

The LETDF decision and policy indication to nuclear energy served a blow to new renewable energy developers that also signaled low prospects for much needed government investment in the commercialisation of new renewable energy projects in Australia.

That is not to suggest that development entirely hinges on government funding, rather, development it is dramatically affected by any circumstances that unduly benefits the competitiveness of one technology over another in the context of the overall private equity financing decision.

As a result of the out-of-step policy direction that was maintained right up to the Federal Election, EnviroMission recognized the urgent need to approach the issue of development certainty by looking outside the box and looked to consideration of markets outside Australia, where the development of *new* renewable energy is fostered through attractive mandates, incentives and higher energy prices. This decision was also taken in order to increase the competitiveness of Solar Tower technology to thereby increase development certainty for shareholder value.

Which leads to the focus of EnviroMission's work over the last financial year, the implementation of that strategy in the most viable market was to gain access to the US market via the merger proposal with SolarMission Technologies, Inc.

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The proposal was designed to maximise and build on our development experience and enhanced intellectual asset, know how and formal relationships with a diverse pool of experts already collaborating on Solar Tower development, by merging those strengths with the market access currently vested in SolarMission, to form a single development entity aimed at adding shareholder value through increased development opportunity, certainty and leadership.

The merger proposal, having met with SolarMission shareholder approval, was only mutually terminated due to a matter that sat in conflict with the terms of the merger agreement and potentially stood to impact on EnviroMission shareholder value if the merger were to proceed unresolved.

The relationship between EnviroMission and SolarMission remains positive and cooperative for Solar Tower development without effect to the Australian license or EnviroMission's clear role as the lead Solar Tower developer that will also maintain a key collaborative role in development in the US.

It is understandable that frustration has been felt by shareholders who reasonably ask if the project is stalled based on EnviroMission's unmet objective to have a Solar Tower under construction at this point in time.

Reference to 'stalled' is acknowledged here as the suggestion of some EnviroMission observers who are inclined to measure success as the commencement of construction.

However, the many phases and milestones that are required to give substance to any major project's prospects for success have been executed in the timeliest way available from EnviroMission's resources.

Front end engineering and design has continued over the last year to refine the best case scenarios for development, contextualized against evolving market needs. For example, the inclusion of heat storage to achieve base load generator status has been evidenced in current modeling by Arup to be unnecessary on a cost to benefit analysis given the growing demand for peak power in Australia.

The change of government is now hoped to provide the necessary incentives to maintain and attract a healthy renewable energy sector in Australia. EnviroMission plans to implement an immediate program to lobby and brief Federal Ministers of the new Federal Labor Government to prioritize energy investment in the cleanest sustainable energy technologies (like our own) to meet the carbon emission targets announced in pre-election policy statements.

There are now strong grounds to be positive that the circumstances for Solar Tower development and investment in Australia will improve for the first time since the disappointing LETDF announcements were made.

In closing, I want to confirm that EnviroMission's commitment to Solar Tower development in Australia is back on our front page, not withstanding our intent to participate in the global rollout of Solar Towers.

Shareholders are thanked for their support and enthusiasm for Solar Tower technology and patience that is not underestimated nor taken for granted. We look forward to moving the project forward in this current financial year.

Yours sincerely,



Roger C. Davey
Executive Chairman
Chief Executive Officer
EnviroMission Limited