

## 2008 AGM NOTICE OF MEETING AND PROXY FORM inc. ANNUAL REPORT ADVICE

### 2008 Annual General Meeting – Notice of Meeting and Proxy Form

EnviroMission was granted an extension of time from the Australian Securities and Investments Commission (ASIC) to hold the 2008 AGM up until 31 December, 2008 in order to meet the conditions of Chapter 10 of the Listing Rules and Chapter 2E of the Corporations Act.

A review of documents relating to EnviroMission's resolution(s) seeking shareholder approval of the majority control acquisition of SolarMission Technologies Inc. (SMT) was found to require a more current Independent Expert's Report than the intended Independent Expert's Report prepared for the 2007 EnviroMission merger with SMT (proposal terminated by mutual agreement).

An Independent Expert's Report, prepared by DMR Corporate Pty. Ltd., is included in the Notice of Meeting to independently inform shareholders if the SMT acquisition 'transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded' (i.e. fair and reasonable to you the shareholder). The DMR Corporate report should be read in its entirety.

Some of the resolutions being proposed to shareholders at the 2008 AGM will provide shareholders with the opportunity to vote on the SMT transaction; your attention to these resolutions is particularly vital for EnviroMission to capitalize on opportunities for Solar Tower commercialisation in a redefined global context.

EnviroMission has identified opportunities for Solar Tower development in global markets, particularly the United States, and the acquisition of a majority interest in SMT is also considered necessary to take full advantage of these opportunities for EnviroMission shareholders.

EnviroMission's 2008 AGM will be held at:

11:00 (AEDST), Friday 19 December, 2008  
Madgwicks, Lawyers  
Level 33  
140 William Street, Melbourne.

**Notice of Meeting and Proxy Form (inclusive of Independent Expert's Report) follow this announcement.**

### 2008 Annual Report Advice

EnviroMission has adopted the simplified company reporting aspects of the Corporations Legislation Amendment (Simpler Regulatory System) Act 2007 aimed at reducing the regulatory burden and cost to business whilst still maintaining important investor protections.

As a result, the default option for receiving Annual Reports is now via EnviroMission's website at [www.enviromission.com.au](http://www.enviromission.com.au). Whilst all EnviroMission's company announcements are posted to the EnviroMission website, shareholders will continue to receive Notice of Meetings and Proxy forms by mail as required under the legislation.

Some shareholders have already nominated to receive the Annual Report by mail (as per request advice provided in the 2007 AGM mailing to shareholders) and these shareholders will receive a printed copy of the 2008 Annual Report in the mail along with the 2008 AGM Notice of Meeting and Proxy form. Shareholders that nominated electronic receipt of the Annual Report will receive and email with the 2008 Annual Report attached.

Shareholders may request a printed or electronic copy of the Annual Report by contacting EnviroMission by email, phone or in writing:

communications@enviromission.com.au

EnviroMission Limited  
Ground Floor  
3 Raglan Street  
South Melbourne. 3205

+61 3 9693 5666

### **Your Privacy**

Shareholders that elect to receive EnviroMission's Annual Report by mail or email will need to provide EnviroMission with personal information and EnviroMission will take all reasonable steps to protect a your personal information and will not divulge this information, except in furtherance of issuing the Annual Report to the shareholder and as required by law. EnviroMission will comply with the National Privacy Principles in the *Privacy Act 1988* (Cth) and any EnviroMission privacy policies from time to time.

If you have any questions about EnviroMission's policy of retaining shareholder personal information please do not hesitate contacting me on +613 9693 5666.

Yours sincerely,



Kim Forte  
Communications Manager  
EnviroMission Limited



EnviroMission Limited  
ACN 094 963 238

**CHAIRMAN'S LETTER TO SHAREHOLDERS  
NOTICE OF ANNUAL GENERAL MEETING  
INCORPORATING EXPLANATORY MEMORANDUM  
AND  
PROXY FORM**

Date of Meeting: 19 December 2008  
Time of Meeting: 11.00am (AEDST)  
Place of Meeting: Madgwicks Lawyers  
Level 33,  
140 William Street (Cnr William & Bourke St)  
Melbourne, 3000

**Important Note:**

**This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.**

Dear Shareholder

Enclosed with this letter are documents relating to the EnviroMission Limited 2008 Annual General Meeting (AGM) to be held on Friday 19 December 2008 at the office of Madgwicks, Lawyers, Level 33, 140 William Street, Melbourne at 11 am (AEDST), including Notice of Annual General Meeting incorporating the Explanatory Memorandum; Proxy Form; and, an Independent Experts Report (IER) prepared by DMR Corporate Pty. Ltd (DMR Corporate).

EnviroMission was granted an extension of time to hold the 2008 AGM to 31 December, 2008 by the Australian Securities and Investments Commission (ASIC) following a review of matters surrounding EnviroMission's proposal to acquire a 58.92% majority interest in SolarMission Technologies Inc. (SMT). It was found a more current Independent Expert's report was required rather than the Independent Expert's report for the 2007 merger proposal. An Independent Expert's report is required pursuant to Chapter 10 of the Listing Rules and Chapter 2E of the Corporations Act.

The DMR Corporate Independent Expert's report is provided to you to assist you with your decision and vote relating to EnviroMission's acquisition of a majority interest in SMT as outlined within the Explanatory Memorandum to the resolutions and should be read and considered in its entirety. The purpose of an Independent Expert's report is to provide an independent view if the 'transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded' (fair and reasonable to you the Shareholder).

The resolutions proposed to shareholders at the 2008 AGM provide shareholders with the opportunity to vote on a number of matters including the proposed acquisition of a majority interest in SMT to form the focus of EnviroMission's business plan for Solar Tower commercialisation, and your attention to these resolutions is particularly vital.

EnviroMission has identified opportunities for Solar Tower development in the United States and the acquisition of a majority interest in SMT is considered necessary to take full advantage of these opportunities for EnviroMission shareholders.

Whilst the ramifications of the 'global financial crisis' continues to be assessed by governments, industry and market sectors and investors, EnviroMission believes the opportunities for Solar Tower development have been enhanced in the US in light of the provisions within the Energy Improvement and Extension Act 2008 (being Division B of the Emergency Economic Stabilisation Act 2008 passed by the US Senate 23 September and enacted into law on 3 October, 2008). The Act extends and modifies expiring provisions relating to energy, with specific reference to renewable energy, and includes provision for revenue enhancements.

Key issues related to resolutions being put to shareholders at the 2008 AGM are summarised as follows:

## **Funding**

A total of US\$1,560,000 has been committed for investment in EnviroMission, of which US\$560,000 has been received at the date of this Notice. These funds have been raised in the United States as a result of EnviroMission's acquisition of 58.92% majority interest in SMT (refer to the SMT Transaction above) to access development benefits in that market.

The approval of the EnviroMission's Shareholders is required under the various provisions of the Corporations Act and the ASX Listing Rules in respect of the issue of securities to the United States investors who have committed these investment funds to EnviroMission.

## **Acquisition of a majority interest in SMT**

In May 2008 EnviroMission made an offer to all shareholders and warrant holders of SMT to acquire all shares and warrants held in SMT in exchange for an issue of ordinary shares in EnviroMission to

eligible security holders (under that offer) subject to a majority threshold being met. A substantial majority (98%) of SMT stockholders, holding 58.92% of the issued shares in SolarMission Technologies, Inc and 100% of the warrants in SolarMission Technologies Inc., accepted EnviroMission's offer.

The approval of EnviroMission's shareholders is now required under various provisions under the Corporations Act and ASX Listing Rules before EnviroMission can complete the SMT Transaction.

#### *Independent Expert's Report*

The directors appointed DMR Corporate to act as the Independent Expert and to report on whether the SMT Transaction is 'fair and reasonable' to the EnviroMission's Shareholders, other than those involved in the SMT Transaction (or their Associates).

On the basis of the matters discussed in its report, DMR Corporate formed the opinion that the proposed SMT transaction is 'fair and reasonable'. You are advised to read the DMR Corporate report in full.

#### *Benefits of Proposal*

EnviroMission directors believe the SMT Transaction will benefit EnviroMission and its Shareholders because:

- (a) The SMT Transaction meets EnviroMission's investment objectives.

EnviroMission owns the exclusive rights to German designed Solar Tower technology in Australia under licence from SMT, which holds the global rights to this technology. EnviroMission made an offer to acquire a majority holding in the securities of SMT to enable EnviroMission to commercialise Solar Tower technology globally, including large markets outside of Australia with significant investment advantages.

The issue of Shares to SMT security holders who accepted the EnviroMission offer will enhance EnviroMission's prospects of developing Solar Tower technology to permit a greater return to EnviroMission's Shareholders than is currently available to EnviroMission in the current and foreseeable Australian energy market.

- (b) The directors believe the SMT Transaction provides benefit to EnviroMission Shareholders and SMT security holders involved in Solar Tower development through the parity delivered from the assignment of equity in EnviroMission as consideration to eligible SMT security holders.

The Independent Expert, DMR Corporate, has concluded the SMT Transaction is fair and reasonable for EnviroMission's Shareholders that are not involved in the SMT Transaction (or their Associates).

You should read, in its entirety, the DMR Corporate report that accompanies the Explanatory Memorandum and Notice of General Meeting enclosed with this letter.

The directors unanimously support the SMT Transaction and consider it to be in the best interest of Shareholders of EnviroMission.

EnviroMission's directors seek Shareholder support to vote in accordance with directors' recommendations to provide EnviroMission with the ability to implement a business strategy aimed at returning value to shareholders through enhanced project opportunities in global markets for greater project potential.

EnviroMission is not forsaking development in Australia at the expense of a global development strategy; by contrast, EnviroMission is endeavouring to participate in wider opportunities through control over the global Solar Tower commercialisation to return benefit of development to EnviroMission Shareholders wherever the Australian Solar Tower concept is developed.

The directors of EnviroMission would be remiss to confine commercial prospects for Solar Tower development to the Australian market when strong commercial arguments exist in markets available to EnviroMission through the proposed SMT Transaction.

Expanding EnviroMission's ownership and control of Solar Tower technology outside Australia is considered important leverage to domestic development by providing a more compelling argument for the creation of realistic local incentives for renewable energy developments.

It is the opinion of the board of directors that demand for electricity will continue to grow in all developed and emerging markets with an emphasis on mandates for renewable energy to mirror the social and political will expressed almost daily in all media and increasingly in policy. EnviroMission intends to develop Solar Tower renewable energy into that enhanced opportunity by developing the most commercial renewable energy.

Shareholder support is sought for this vision and opportunity.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Davey', followed by a period. The signature is fluid and cursive.

Roger C. Davey  
Executive Chairman  
Chief Executive Officer  
EnviroMission Limited

# Enviro Mission

EnviroMission Limited  
ACN 094 963 238  
("Company")

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting ("**Annual Meeting**") of shareholders of the Company ("**Shareholders**") will be held at Madgwicks, Lawyers, Level 33, 140 William Street, Melbourne on 19 December 2008 at 11.00am (AEDST) for the purpose of transacting the business set out below.

The explanatory memorandum ("**Explanatory Memorandum**") that accompanies and forms part of this notice of Annual Meeting ("**Notice**"), describes in more detail the matters to be considered.

In accordance with Section 249HA of the *Corporations Act 2001* ("**Corporations Act**") for each of the resolutions numbered 1 to 22 set out below to be effective, each resolution must be passed at a meeting of Shareholders of which not less than 28 days written notice specifying the intention to propose the resolutions has been given.

In addition, each resolution must be passed by not less than a majority of all the votes cast by the Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative). Please note the relevant voting exclusion statements set out below.

For the purposes of determining voting entitlements at the Annual Meeting, shares in the Company ("**Shares**") will be taken to be held by the persons who are registered as holders of the Shares as at 11.00 am on 17 December 2008 ("**Effective Time**"). Accordingly, transactions registered after the Effective Time will be disregarded in determining entitlements to attend and vote at the Annual Meeting.

Following the Chairman's address, the agenda for the Annual Meeting will be as follows:

### BUSINESS

#### Accounts & Reports

To lay before the Meeting the financial report, the directors' report and the auditor's report of the Company for the financial year ended 30 June 2008 and to provide members with the opportunity to ask questions generally of the directors of the Company ("**Directors**").

#### 1. RESOLUTION 1 - RE-ELECTION OF DIRECTOR

To consider and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That Guoxiang Ma who retires in accordance with Article 6.3(c) of the Constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a director."*

#### 2. RESOLUTION 2 - ADOPTION OF REMUNERATION REPORT

To consider and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (being pages 8, 9 and 10 of the Company's Annual Report) for the financial year ended 30 June 2008 be adopted."*

**3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of compliance with Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue and allotment on 21 January 2008 of 1,457,108 ordinary Shares to SolarMission Technologies Inc at an issue price of A\$0.10 per ordinary Share."*

**Voting Exclusion Statement for Resolution 3**

In accordance with Listing Rules 7.5.6 and 14.11.1, the Company will disregard any votes cast on resolution 3 by SolarMission Technologies, Inc. or an Associate of SolarMission Technologies, Inc. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**4. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of compliance with Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue and allotment on 14 April 2008 of 1,211,917 ordinary Shares to SolarMission Technologies Inc at an issue price of A\$0.06 per ordinary Share."*

**Voting Exclusion Statement for Resolution 4**

In accordance with Listing Rules 7.5.6 and 14.11.1, the Company will disregard any votes cast on Resolution 4 by SolarMission Technologies, Inc. or an Associate of SolarMission Technologies, Inc. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**5. RESOLUTION 5 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of compliance with Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue and allotment on 30 June 2008 of 3,906,795 ordinary Shares to SolarMission Technologies Inc at an issue price of A\$0.045 per ordinary Share."*

### **Voting Exclusion Statement for Resolution 5**

In accordance with Listing Rules 7.5.6 and 14.11.1, the Company will disregard any votes cast on Resolution 5 by SolarMission Technologies, Inc. or an Associate of SolarMission Technologies, Inc. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

### **6. RESOLUTION 6 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of compliance with Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue and allotment on 6 August 2008 of 5,000,000 ordinary Shares to SolarMission Technologies Inc at an issue price of A\$0.08 (8 cents) per ordinary Share as partial consideration for the assignment by SolarMission Technologies Inc of its global rights to development technology to the Company."*

### **Voting Exclusion Statement for Resolution 6**

In accordance with Listing Rules 7.5.6 and 14.11.1, the Company will disregard any votes cast on Resolution 6 by SolarMission Technologies, Inc. or an Associate of SolarMission Technologies, Inc. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

### **7. RESOLUTION 7 - APPROVAL OF AGREEMENT TO ISSUE SHARES AND OPTIONS TO CHARLES WELLS (UNRELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That the Shareholders approve and ratify the Company's entry into an agreement with Charles Wells on 6 October 2008 as amended on 13 October 2008 for the issue and allotment of Shares and options to purchase Shares to Charles Wells."*

### **8. RESOLUTION 8 - RATIFICATION OF PRIOR ISSUE OF SHARES TO CHARLES WELLS (LESS THAN 15% OF CAPITAL) (UNRELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 7, for the purposes of compliance with Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue and allotment of 2,500,000 ordinary Shares to Charles Wells at an issue price of A\$0.065 per ordinary Share as described in section 8 of the Explanatory Memorandum."*

### **Voting Exclusion Statement for Resolution 8**

In accordance with Listing Rules 7.5.6 and 14.11.1, the Company will disregard any votes cast on Resolution 8 by Charles Wells or an Associate of Charles Wells. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

### **9. RESOLUTION 9 - ISSUE OF SHARES TO DAVID GALBALLY (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of compliance with Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment of 625,000 ordinary Shares to David Galbally at an issue price of A\$0.10 cents per ordinary Share."*

### **Voting Exclusion Statement for Resolution 9**

In accordance with Listing Rules 10.13.6 and 14.11.1, the Company will disregard any votes cast on Resolution 9 by David Galbally or an Associate of David Galbally. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

### **10. RESOLUTION 10 - ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES SHAREHOLDERS AND WARRANT HOLDERS OTHER THAN RELATED PARTIES (EXCEEDING 15% OF CAPITAL)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of compliance with Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue and allotment of 72,207,840 ordinary Shares to those persons and entities (other than the related parties listed in Annexure 1) being stockholders in SolarMission Technologies, Inc. who accepted the offer by the Company as described in Section 10 of the Explanatory Memorandum) in exchange for the transfer to the Company of 7,745,280 shares and 24,486,000 warrants in SolarMission Technologies, Inc. held by those persons and entities in SolarMission Technologies, Inc."*

### **Voting Exclusion Statement for Resolution 10**

In accordance with Listing Rules 7.3.8 and 14.11.1, the Company will disregard any votes cast on Resolution 10 by:

- Andelou Pty. Ltd.;
- Dapgof Pty. Ltd.
- Kim Forte;
- 54/58 Alma Street Pty. Ltd.; and
- Ian Riley.

or an Associate of any of them (as they are Shareholders of the Company and holders of securities in SolarMission Technologies, Inc).

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**11. RESOLUTION 11 - ISSUE OF SHARES TO CANTERBURY MINT PTY. LTD. (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 10 and Resolution 22, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment to Canterbury Mint Pty. Ltd. of 29,981,000 ordinary Shares in exchange for the shares and warrants held by Canterbury Mint Pty. Ltd. in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

**Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd. which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

**Voting Exclusion Statement for Resolution 11**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 11 by Canterbury Mint Pty. Ltd. or an Associate of Canterbury Mint Pty. Ltd.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**12. RESOLUTION 12 - ISSUE OF SHARES TO CANTERBURY MINT PTY. LTD. SUPERFUND ACCT (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That subject to and conditional on the passing of Resolution 10, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment to Canterbury Mint Pty. Ltd. Superfund Acct of 12,660,000 ordinary Shares in exchange for the shares held by Canterbury Mint Pty. Ltd. Superfund Acct in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

### **Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd. which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders,

### **Voting Exclusion Statement for Resolution 12**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 12 by Canterbury Mint Pty. Ltd. Superfund Acct or an Associate of Canterbury Mint Pty. Ltd. Superfund Acct.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

## **13. RESOLUTION 13 - ISSUE OF SHARES TO CHRISTOPHER JAMES DAVEY (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 10, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment to Christopher James Davey of 600,000 ordinary Shares in exchange for the shares held by Christopher James Davey in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

### **Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd. which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

### **Voting Exclusion Statement for Resolution 13**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 13 by Christopher James Davey or an Associate of Christopher James Davey.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**14. RESOLUTION 14 - ISSUE OF SHARES TO PENELOPE JUDITH DAVEY (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 10, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment to Penelope Judith Davey of 600,000 ordinary Shares in exchange for the shares held by Penelope Judith Davey in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

**Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd. which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

**Voting Exclusion Statement for Resolution 14**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 14 by Penelope Judith Davey or an Associate of Penelope Judith Davey.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**15. RESOLUTION 15 - ISSUE OF SHARES TO ROGER DAVEY (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 10, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment to Roger Davey of 3,280,000 ordinary Shares in exchange for the warrants held by Roger Davey in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

**Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

**Voting Exclusion Statement for Resolution 15**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 15 by Roger Davey or an Associate of Roger Davey.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The Meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**16. RESOLUTION 16 - ISSUE OF SHARES TO EARLY SUCCESS PTY. LTD. (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 10, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment to Early Success Pty. Ltd. of 500,000 ordinary Shares in exchange for the warrants held by Early Success Pty. Ltd. in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

**Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

**Voting Exclusion Statement for Resolution 16**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 16 by Early Success Pty. Ltd. or an Associate of Early Success Pty. Ltd.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**17. RESOLUTION 17 - ISSUE OF SHARES TO ORCA STRATEGIES PTY. LTD. (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 10, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment Orca Strategies Pty. Ltd. of 22,041,001 ordinary Shares in exchange for the shares held by Orca Strategies Pty. Ltd. in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

**Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons.

The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

#### **Voting Exclusion Statement for Resolution 17**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 17 by Orca Strategies Pty. Ltd. or an Associate of Orca Strategies Pty. Ltd.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

#### **18. RESOLUTION 18 - ISSUE OF SHARES TO SUNSHINE ENERGY (AUST) PTY. LTD. (RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolution 10, for the purposes of compliance with Listing Rule 7.1, Listing Rule 10.11, and for all other purposes, the Shareholders approve the issue and allotment to Sunshine Energy (Aust) Pty. Ltd. of 3,948,990 ordinary Shares in exchange for the shares held by Sunshine Energy (Aust) Pty. Ltd. in SolarMission Technologies, Inc. as set out in Annexure 1 to the Explanatory Memorandum."*

#### **Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

#### **Voting Exclusion Statement for Resolution 18**

In accordance with Listing Rules 10.13.6 and 14.11.1 the Company will disregard any votes cast on Resolution 18 by Sunshine Energy (Aust) Pty. Ltd. or an Associate of Sunshine Energy (Aust) Pty. Ltd.

However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The Meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

**19. RESOLUTION 19 - ISSUE OF SECURITIES TO CHARLES WELLS (EXCEEDING 15% OF CAPITAL)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That subject to and conditional on the passing of Resolution 7, for the purposes of compliance with Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue and allotment of the balance of ordinary Shares and options to subscribe for ordinary Shares to Charles Wells on the terms set out in the agreement entered into between Charles Wells and the Company on 6 October 2008 as amended on 14 October 2008 as described in the Explanatory Memorandum.”*

**Voting Exclusion Statement for Resolution 19**

In accordance with Listing Rules 7.3.8 and 14.11.1, the Company will disregard any votes cast on Resolution 19 by Charles Wells or an Associate of Charles Wells. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of “Associate” for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to “Associate” references occurring in Chapter 7 of the Corporations Act.

**20. RESOLUTION 20 - ISSUE OF SECURITIES TO JOHN S MCCOY (UNRELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That for the purpose of Listing Rule 7.1 and 7.3 and all other purposes, the Shareholders approve the issue and allotment of the ordinary Shares and options to subscribe for ordinary Shares to John S McCoy on the terms set out in the agreement entered into between John S McCoy and the Company on 13 October 2008 as described in the Explanatory Memorandum.”*

**Voting Exclusion Statement for Resolution 20**

In accordance with Listing Rules 7.3.8 and 14.11.1, the Company will disregard any votes cast on Resolution 20 by John S McCoy or an Associate of John S McCoy. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of “Associate” for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to “Associate” references occurring in Chapter 7 of the Corporations Act.

**21. RESOLUTION 21 - ISSUE OF SECURITIES TO LEE TANNER (UNRELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*“That for the purpose of Listing Rule 7.1 and 7.3 and all other purposes, the Shareholders approve the issue and allotment of the ordinary Shares and options to subscribe for ordinary Shares to Lee Tanner on the terms set out in the agreement entered into between Lee Tanner and the Company on 13 October 2008 as described in the Explanatory Memorandum.”*

### **Voting Exclusion Statement for Resolution 21**

In accordance with Listing Rules 7.3.8 and 14.11.1, the Company will disregard any votes cast on Resolution 21 by Lee Tanner or an Associate of Lee Tanner. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 14 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

### **22. RESOLUTION 22 - ACQUISITION OF A SUBSTANTIAL ASSET FROM CANTERBURY MINT PTY. LTD. (A RELATED PARTY)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, subject to and conditional on the passing of Resolutions 10 and 11, for the purposes of compliance with Listing Rule 10.1, and for all other purposes, the Shareholders approve the acquisition of 2,927,000 shares and 10,600,000 warrants held by Canterbury Mint Pty. Ltd. in SolarMission Technologies, Inc. in exchange for the issue and allotment of ordinary Shares to Canterbury Mint Pty. Ltd. as set out in Resolutions 10 and 11."*

#### **Independent Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared by DMR Corporate Pty. Ltd which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders of the Company, being the Company's Shareholders, other than those involved in the proposed transaction or persons associated with such persons. The Independent Expert concludes that the proposal the subject of this Resolution is fair and reasonable to the Non-Associated Shareholders.

### **Voting Exclusion Statement for Resolution 22**

In accordance with Listing Rules 10.10.1 and 14.11.1, the Company will disregard any votes cast on Resolution 22 by Canterbury Mint Pty. Ltd. or an Associate of Canterbury Mint Pty. Ltd. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Note: The meaning of "Associate" for the purposes of voting exclusion is as given in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to "Associate" references occurring in Chapter 7 of the Corporations Act.

### **23. OTHER BUSINESS**

To transact any other business which may lawfully be brought before the Annual Meeting.

**By Order of the board of the Company**

# Enviro Mission

EnviroMission Limited  
ACN 094 963 238  
("Company")

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist the Shareholders of EnviroMission Limited in their consideration of the resolutions proposed for the Annual Meeting to be held at Madgwicks Lawyers, Level 33, 140 William Street, Melbourne on 28 November 2008 at 11.00am (AEST). It should be read in conjunction with the Notice to which this Explanatory Memorandum is attached and forms part.

The directors of the Company ("**the Directors**") recommend that Shareholders read this document carefully and in its entirety before making any decision in relation to the proposed resolutions.

The following matters should be noted in relation to the resolutions set out in the attached Notice.

### 1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR

Guoxiang Ma is retiring in accordance with the Constitution of the Company and being eligible, offers himself for re-election. Guoxiang Ma has been a non-executive director since June 2004.

Guoxiang Ma is the founding Chairman of Shanghai Xiang Jiang Industrial Co. Ltd and has been Chairman since 1994. Shanghai Xiang Jiang Industrial Co. Ltd has been involved in property development and the building sector since its inception.

Guoxiang Ma is also Chairman of Sunshine Energy (Aust.) Pty. Ltd, an investor in the Company that will form an important link in the development of solar tower power stations in China.

### 2. RESOLUTION 2 - ADOPTION OF REMUNERATION REPORT

The Company is required to include in its Directors report a detailed remuneration report relating to Directors' and Executives' remuneration. Section 300A of the Corporations Act sets out the information to be included in the remuneration report. A copy of the report appears on pages 8, 9 and 10 of the Company's Annual Report.

Section 250R(2) of the Corporations Act requires a resolution that the remuneration report be adopted and be put to a vote of Shareholders at the Company's annual general meeting. The vote on this resolution is advisory to the Company only and does not bind the board of the Company.

Under section 250SA of the Corporations Act, Shareholders must be given a reasonable opportunity to ask questions about, or make comments on, the report. This is in addition to any questions or comments that Shareholders may have in relation to the management of the Company.

### 3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)

#### Background

On 21 January 2008 the Company announced the issue and allotment of 1,457,108 ordinary Shares to SolarMission Technologies, Inc. ("**SolarMission Technologies Shares**") on 21 January 2008 at A\$0.10 per Share to repay loan funds in the amount of \$145,710. Resolution 3 seeks Shareholder approval by ratification of the issue of the ordinary Shares to SolarMission Technologies, Inc. for the purposes of Listing Rule 7.4.

#### **Listing Rule 7.4**

Listing Rule 7.4 permits a Company to subsequently approve an issue of securities made without approval under Listing Rule 7.1. Resolution 3 has been included in the Notice to preserve the Company's ability to issue further securities (if necessary) under Listing Rule 7.1.

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Listing Rule 7.4 states that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 (i.e. was within 15% limit) and Shareholders subsequently approved it.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the SolarMission Technologies Shares.

In accordance with Listing Rule 7.5 and to enable the Shareholders to approve the issue of the securities, the Shareholders are provided with the following information in respect of the SolarMission Technologies Shares the subject of Resolution 3:

- (a) A total of 1,457,108 ordinary Shares were issued on 21 January 2008;
- (b) The issue price of the SolarMission Technologies Shares was A\$0.10 per Share;
- (c) The ordinary Shares rank equally in all respects with all other ordinary Shares in the Company on issue;
- (d) The ordinary Shares were issued by the Company to repay loan funds provided by SolarMission Technologies, Inc; and
- (e) No funds were raised from the issue of the SolarMission Technologies Shares as the issue was in settlement of loan funds provided to the Company.

#### **4. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)**

##### **Background**

On 14 April 2008 the Company issued and allotted 1,211,917 ordinary Shares to SolarMission Technologies, Inc. ("**SolarMission Technologies Shares**") at A\$0.06 per Share in settlement of additional loan funds of \$72,715, provided to the Company by SolarMission Technologies, Inc.

Resolution 4 seeks Shareholder approval for the issue of the ordinary Shares to SolarMission Technologies, Inc. for the purposes of Listing Rule 7.4.

##### **Listing Rule 7.4**

Please refer to section 3 of this Explanatory Memorandum for a summary of Listing Rule 7.4. Resolution 4 has been included in the Notice to preserve the Company's ability to issue further securities (if necessary) under Listing Rule 7.1.

Accordingly the Company seeks approval from the Shareholders to issue and allot the SolarMission Technologies Shares.

In accordance with Listing Rule 7.5, and to enable the Shareholders to approve the issue of the SolarMission Technologies Shares, the Shareholders are provided with the following information in respect of the securities the subject of Resolution 4:

- (a) A total of 1,211,917 ordinary Shares were issued on 14 April 2008;
- (b) The issue price of the SolarMission Technologies Shares was A\$0.06 per Share;
- (c) The ordinary Shares rank equally in all respects with all other ordinary Shares in the Company on issue;
- (d) The ordinary Shares were issued by the Company to repay loan funds provided by SolarMission Technologies, Inc; and
- (e) No funds were raised from the issue of the SolarMission Technologies Shares as the issue was in settlement of loan funds provided to the Company.

**5. RESOLUTION 5 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)**

**Background**

On 30 June 2008 the Company issued and allotted 3,906,795 ordinary Shares to SolarMission Technologies, Inc. ("**SolarMission Technologies Shares**") at A\$0.045 per Share in settlement of additional loan funds of \$175,806, provided to the Company by SolarMission Technologies, Inc.

Resolution 5 seeks Shareholder approval for the issue of the ordinary Shares to SolarMission Technologies, Inc. for the purposes of Listing Rule 7.4.

**Listing Rule 7.4**

Please refer to section 3 of this Explanatory Memorandum for a summary of Listing Rule 7.4. Resolution 4 has been included in the Notice to preserve the Company's ability to issue further securities (if necessary) under Listing Rule 7.1.

Accordingly the Company seeks ratification from the Shareholders of the issue and allotment of the SolarMission Technologies Shares.

In accordance with Listing Rule 7.5 and to enable the Shareholders to ratify the issue of the SolarMission Technologies Shares, the Shareholders are provided with the following information in respect of the securities the subject of Resolution 5:

- (a) A total of 3,906,795 ordinary Shares were issued on 30 June 2008;
- (b) The issue price of the SolarMission Technologies Shares was A\$0.045 per Share;
- (c) The ordinary Shares rank equally in all respects with all other ordinary Shares in the Company on issue;
- (d) The ordinary Shares were issued by the Company to repay loan funds provided by SolarMission Technologies, Inc; and
- (e) No funds were raised from the issue of the SolarMission Technologies Shares as the issue was in settlement of loan funds provided to the Company.

6. **RESOLUTION 6 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES (LESS THAN 15% OF CAPITAL)**

**Background**

On 6 August 2008 the Company issued and allotted 5,000,000 ordinary Shares to SolarMission Technologies, Inc. at A\$0.08 per Share as partial consideration for the assignment by SolarMission Technologies, Inc. to the Company of the global rights to development technology.

Resolution 6 seeks Shareholder ratification of the issue and allotment of the ordinary Shares to SolarMission Technologies, Inc. for the purposes of Listing Rule 7.4.

**Listing Rule 7.4**

Please refer to section 3 of this Explanatory Memorandum for a summary of Listing Rule 7.4. Resolution 6 has been included in the Notice to preserve the Company's ability to issue further securities (if necessary) under Listing Rule 7.1.

Accordingly the Company seeks ratification from the Shareholders of the issue and allotment of the SolarMission Technologies Shares.

In accordance with Listing Rule 7.5 and to enable the Shareholders to ratify the issue of the SolarMission Technologies Shares, the Shareholders are provided with the following information in respect of the securities the subject of Resolution 6:

- (a) A total of 5,000,000 ordinary Shares were issued on 6 August 2008;
- (b) The issue price of the Shares was A\$0.08 per Share;
- (c) The ordinary Shares rank equally in all respects with all other ordinary Shares in the Company on issue;
- (d) The ordinary Shares were issued by the Company as partial consideration for the assignment by SolarMission Technologies, Inc. of its global rights to development technology to the Company; and
- (e) No funds were raised from the issue of those Shares.

7. **RESOLUTION 7 - APPROVAL OF AGREEMENT TO ISSUE SHARES AND OPTIONS TO CHARLES WELLS (UNRELATED PARTY)**

**Background**

On 6 October 2008, the Company entered into an agreement with Charles Wells (**Charles Wells Agreement**) pursuant to which Charles Wells agreed to invest US\$1,500,000 in the Company in consideration for the Company issuing and allotting to Charles Wells a number of Shares and options to subscribe for Shares in the Company on the following terms:

- (a) On 15 October 2008 (U.S. time), Charles Wells paid US\$500,000 to the Company in exchange for:
  - (i) 2,000,000 options to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 3, on a one for one basis, with an exercise price of 25 cents for each ordinary Share, exercisable at any time after the date of issue and prior to 1 February 2011;
  - (ii) a number of ordinary Shares the total price for which amounted to US\$500,000 based on the closing price of the Company's ordinary Shares on the previous trading day as quoted on the ASX; and

- (iii) a number of attaching options equal to the number of ordinary Shares issued immediately above at (ii) to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 3, on a one for one basis, at 25 cents for each ordinary Share, exercisable at any time after the date of issue and prior to 1 February 2011;
- (b) On 1 December 2008 (U.S. time), Charles Wells will pay US\$500,000 to the Company and the Company is seeking shareholder approval to issue and allot to Charles Wells:
  - (i) a number of ordinary Shares the total price for which will amount to US\$500,000 based on the closing price of the Company's ordinary Shares on the previous trading day as quoted on the ASX, the minimum price being at least 80% of the average market price for the previous five trading days, together with
  - (ii) a number of attaching options equal to the number of ordinary Shares issued immediately above at (i), to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 4, on a one for one basis, at double the price of the ordinary Shares issued immediately above at (i), exercisable at any time after the date of issue and prior to 1 February 2011;
- (c) On 1 February 2009 (U.S. time), Charles Wells will pay US\$500,000 to the Company and the Company is seeking shareholder approval to issue and allot to Charles Wells:
  - (i) a number of ordinary Shares equal to US\$500,000 valued at the closing price on the previous trading day of the Company's shares as quoted on the ASX, the minimum price being at least 80% of the average market price for the previous five trading days together with
  - (ii) a number of attaching options equal to the number of ordinary Shares issued immediately above at (i), to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 4, on a one for one basis, at double the price of the ordinary Shares issued immediately above at (i), exercisable at any time after the date of issue and prior to 1 February 2011.

The payment made by Charles Wells in 7(a) above amounted to A\$728,408.90. This equates to 11,206,298 Shares at the closing price of A\$0.065 on 14 October 2008, prior to shareholder approval. Approval will also be sought for 2,000,000 options referenced in 7 (a)(i)

At this time the exact number of Shares and options to be granted under 7(b) and (c) will not be known with certainty but will be calculated in line with the terms described above.

The transactions in the Charles Wells Agreement requiring the approval of the Company's Shareholders in General Meeting are set out in this Notice and Explanatory Memorandum.

The funds provided pursuant to the Charles Wells Agreement are to be used by the Company for development activities in the United States of America, reduction of debt and otherwise for working capital.

On 14 October 2008 the Company and Charles Wells agreed to vary the Charles Wells Agreement to provide for the issue of 2,500,000 ordinary Shares in accordance with Resolution 8.

Resolution 19 will seek shareholder approval for the balance of the securities to be issued under the Charles Wells Agreement

Resolution 7 seeks Shareholder approval and ratification of the Company's entry into the Charles Wells Agreement.

**8. RESOLUTION 8 - RATIFICATION OF PRIOR ISSUE OF SHARES TO CHARLES WELLS (LESS THAN 15% OF CAPITAL) (UNRELATED PARTY)**

**Background**

Please refer to section 19 of this Explanatory Memorandum for further details of the Charles Wells Agreement.

Pursuant to the Charles Wells Agreement, US\$500,000 was paid by Charles Wells to the Company on 16 October 2008 (Melbourne time).

The Company agreed with Charles Wells that 2,500,000 ordinary Shares will be issued to Charles Wells in part satisfaction of the Company's obligation to issue and allot US\$500,000 worth of Shares and options to subscribe for Shares to Charles Wells on 16 October 2008 as referred to in section 7 above.

The 2,500,000 ordinary Shares are able to be issued to Charles Wells without the prior approval of the Shareholders because their issue will not exceed the 15% capital threshold provided in Listing Rule 7.1 (as to which, please refer to section 3 of this Explanatory Memorandum).

The remaining Shares and options to be issued by the Company in relation to Charles Wells' payment of US\$500,000 on 16 October 2008 will be issued once their issue has been approved by the Shareholders as provided in Resolution 19 of the Notice and section 19 of this Explanatory Memorandum.

The terms and conditions of the options to subscribe for ordinary Shares to be issued to Charles Wells are referred to in section 7 above and Annexures 3 and 4.

Resolution 8 seeks Shareholder approval for the issue of the 2,500,000 ordinary Shares to Charles Wells for the purposes of Listing Rule 7.4.

**Listing Rule 7.4**

Please refer to section 3 of this Explanatory Memorandum for a summary of Listing Rule 7.4. Resolution 8 has been included in the Notice to preserve the Company's ability to issue further securities (if necessary) under Listing Rule 7.1.

Accordingly the Company seeks ratification from the Shareholders of the issue and allotment to Charles Wells of these 2,500,000 ordinary Shares.

In accordance with Listing Rule 7.5 and to enable the Shareholders to ratify the issue of the Shares to Charles Wells, the Shareholders are provided with the following information in respect of the securities the subject of Resolution 8:

- (a) Subject to receipt of the said amount A\$500,000 on 16 October 2008, a total of 2,500,000 ordinary Shares will have been issued to Charles Wells on 20 October 2008;
- (b) The issue price of each Share is the price per Share equivalent to the closing price of an ordinary Share as listed on the ASX at 14 October 2006, which was A\$0.065;
- (c) The ordinary Shares rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) These Shares are issued by the Company in part satisfaction of the Company's obligation to issue and allot Shares and options to Charles Wells on 16 October 2008 pursuant to the Charles Wells Agreement.

## 9. RESOLUTION 9 - ISSUE OF SHARES TO DAVID GALBALLY (RELATED PARTY)

### Background

The Company proposes to issue and allot 625,000 ordinary Shares to David Galbally at A\$0.10 cents per Share in satisfaction of the Company's obligation to pay David Galbally's outstanding director fees as at 30 June 2008, being A\$62,500.00.

### Listing Rule 10.11 and Chapter 2E of the Corporations Act

Listing Rule 10.11 provides that a listed company must not issue equity securities to a related party without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. David Galbally, being a director of the Company is a related party for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act. The issue of the ordinary Shares to David Galbally amounts to the giving of a financial benefit to a related party

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to David Galbally.

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to David Galbally, the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 9:

- (a) The number of Shares to be issued to David Galbally is 625,000;
- (b) The issue price for those Shares is A\$0.10 cents per Share. The closing price of an ordinary Share listed on the ASX on 14 November 2008, being the last trading day before the date of this Notice was \$0.045;
- (c) The issue of these Shares will discharge the Company's obligation to pay David Galbally the outstanding director's fees as at 30 June 2008, being the amount of A\$62,500.00.
- (d) The ordinary Shares to be issued and allotted to David Galbally will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (e) The Company will issue and allot those ordinary Shares to David Galbally as soon as practicable after the Shareholders approve Resolution 9, which will be no later than one month after the date of this General Meeting.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the issue of the Shares to David Galbally this will result in a dilution of all other Shareholders' holdings in the Company by approximately .002%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

David Galbally, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 9 because he will have a personal interest in the outcome of this Resolution by virtue of the fact that he will personally receive the Shares the subject of the Resolution.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommends that the Shareholders approve this Resolution.

10. **RESOLUTION 10 - ISSUE OF SHARES TO SOLARMISSION TECHNOLOGIES SHAREHOLDERS AND WARRANT HOLDERS OTHER THAN RELATED PARTIES (EXCEEDING 15% OF CAPITAL)**

**Background**

In May 2008 the Company made an offer ("**the Company Offer**") to all the shareholders and warrant holders of SolarMission Technologies, Inc. to acquire all their shares and warrants held in SolarMission Technologies, Inc. in exchange for an issue of ordinary Shares in the Company to those stockholders in the following proportions:

- (a) for each share in SolarMission Technologies, Inc. a stockholder transferred to the Company, the Company would issue three ordinary Shares; and
- (b) for each warrant in SolarMission Technologies, Inc. a stockholder transferred to the Company, the Company would issue two ordinary Shares ("**SMT Transaction**").

**Benefits to the Shareholders of the Company of the issue of Shares to the shareholders and warrant holders of SolarMission Technologies Inc.**

- (a) The SMT Transaction meets the Company's investment objectives.

The Company is committed to establishing profitable large-scale renewable energy generation power stations for the global electricity markets. The Company owns the exclusive license to German design Solar Tower technology in Australia. The licensor is SolarMission Technologies Inc. SolarMission Technologies Inc. holds the global rights to this technology.

The Company's offer to SolarMission Technologies, Inc. represents a timely opportunity for the Company to take advantage of situations in the global market that are currently restricted to the Company under the terms of its development licence.

It is the view of the Company's Directors that the Shareholders will benefit from the Company acquiring a majority shareholding in the securities of SolarMission Technologies, Inc. by enabling it to acquire control of the Solar Tower development licence held by SolarMission Technologies, Inc. beyond the Australian market which is currently held under licence by the Company. Additional markets for commercialisation of the Solar Tower technology which will be available to the Company as a result of the Company obtaining control of SolarMission Technologies, Inc. will enable the Company to access markets which have the following features:

- immediate renewable energy mandates;
- greater renewable incentives than exist in Australia;
- favourable policy and pricing; and
- greater development prospects than exist in Australia.

This will enhance the Company's prospects of developing the Solar Tower technology and permit a greater return to the Shareholders than is currently available to the Company in the Australian energy market in the foreseeable future. One such market, which will be available for commercialisation by the Company, if it acquires control of SMT, is the United States of America (**United States**).

Recently, the United States Federal Government passed a bill, the Emergency Economic Stabilisation Act of 2008, which provided an 8 year extension of the tax credits which were available in investment in the solar and wind energy industry. It was reportedly said by Ellen Bastier, a San Francisco-based attorney with the Thelen law firm, which represents alternative-energy companies, that "*Today the renewable energy industry, particularly solar, can exhale. The extension of these incentives should help the industry's industry picture.*"

- (b) Alignment of the interests of the Company's Shareholders and the stockholders of SolarMission Technologies, Inc.

In an effort to reposition the company and restore value to its shareholders, the SMT Transaction also aligns the interest of the Company's Shareholders with those of the SolarMission Technologies, Inc. stockholders. In this regard, the structure of the Company will see some of the SolarMission Technologies, Inc. stockholders as major Shareholders of the Company. Their interest will be aligned with those of other shareholders of the Company because the consideration will be entirely Company scrip and they will not receive any cash for their SolarMission Technologies, Inc. shares or warrants.

### **Impact on the Company if the issue of Shares to the shareholders and warrant holders of SolarMission Technologies is not approved**

If the issue of Shares to SolarMission Technologies, Inc. shareholders and warrant holders is not approved, the Company and its Shareholders will be disadvantaged for the following reasons:

- (a) If the Company does not obtain control of a majority interest in SolarMission Technologies, Inc, the Company will not be able to commercialise the Solar Tower technology in markets other than Australia. This will deny the Company access to markets which have immediate renewable energy mandates, greater renewable incentives than currently exist in Australia, favourable policy and pricing and greater development prospects than exist in Australia. As a result, the Company will not be able to commercialise the solar technology in large markets, such as China, India, the Middle East and the United States.
- (b) In addition, if the proposed issue of Shares to stockholders and warrant holders of SolarMission Technologies, Inc is not approved, the Company will have a constrained ability to obtain funding for development and working capital.

The stockholders of SolarMission Technologies, Inc. that accepted the Company Offer hold 7,745,280 shares and 24,486,000 warrants in SolarMission Technologies, Inc. that they have agreed to transfer to the Company in exchange for 72,207,840 ordinary Shares which the Company proposes to issue and allot to those stockholders.

### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to the persons and entities who accepted the Company Offer other than the related parties listed in Annexure 1. The issue and allotment of the Shares to the related parties as set out in Annexure 1 is dealt with separately by Resolutions 11 to 18 and 22.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of the Shares as set out in Resolution 10, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to these persons and entities is 72,207,840;
- (b) The consideration for those Shares is the exchange of 7,745,280 shares and 24,486,000 warrants held in SolarMission Technologies, Inc. by those persons;
- (c) The ordinary Shares to be issued and allotted to these parties will rank equally in all respects with all other ordinary Shares in the Company on issue; and

- (d) The Company will issue and allot the ordinary Shares to these parties as soon as practicable after the Shareholders approve Resolution 10, which will be no later than one month after the date of this General Meeting.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed SMT Transaction, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders. For the purpose of this Explanatory Memorandum Non-Associated Shareholders means the Company's Shareholders, other than those involved in the proposed transactions or persons associated with such persons.

## **11. RESOLUTION 11 - ISSUE OF SHARES TO CANTERBURY MINT PTY. LTD. (RELATED PARTY)**

### **Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Canterbury Mint Pty. Ltd. is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the Corporations Act, as Canterbury Mint Pty. Ltd. is a related entity of Roger Davey (a director of the Company).

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Canterbury Mint Pty Ltd as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Canterbury Mint Pty. Ltd. is 29,981,000;
- (b) The consideration for those Shares is the exchange of 2,927,000 shares and 10,600,000 warrants held in SolarMission Technologies, Inc. by Canterbury Mint Pty. Ltd.;
- (c) The ordinary Shares to be issued and allotted to Canterbury Mint Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Canterbury Mint Pty. Ltd. as soon as practicable after the Shareholders approve Resolution 11 and 22, which will be no later than one month after the date of this General Meeting.

### **Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Canterbury Mint Pty. Ltd. is a related party for the purposes of Listing

Rule 10.11. The issue of the ordinary Shares to Canterbury Mint Pty. Ltd. amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Canterbury Mint Pty. Ltd.

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Canterbury Mint Pty. Ltd., the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 11:

- (a) The number of Shares to be issued to Canterbury Mint Pty. Ltd. is 29,981,000;
- (b) The consideration for those Shares is the exchange of 2,927,000 shares and 10,600,000 warrants held in SolarMission Technologies, Inc. by Canterbury Mint Pty. Ltd.;
- (c) The ordinary Shares to be issued and allotted to Canterbury Mint Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Canterbury Mint Pty. Ltd. as soon as practicable after the Shareholders approve Resolution 11 and Resolution 22, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Canterbury Mint Pty. Ltd., this will result in a dilution of all other Shareholders' holdings in the Company by approximately 12.8%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Roger Davey, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 11 because he will have a personal interest in the outcome of this Resolution by virtue of his relationship with Canterbury Mint Pty. Ltd.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 11, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

## **12. RESOLUTION 12 - ISSUE OF SHARES TO CANTERBURY MINT PTY. LTD. SUPERFUND ACCT (RELATED PARTY)**

### **Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Canterbury Mint Pty. Ltd. Superfund Acct is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the Corporations Act, as Canterbury Mint Pty. Ltd. Superfund Acct is a related entity of Roger Davey (a director of the Company).

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

## **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Canterbury Mint Pty. Ltd. Superfund Acct as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Canterbury Mint Pty. Ltd. Superfund Acct is 12,660,000;
- (b) The consideration for those Shares is the exchange of 4,220,000 shares held in SolarMission Technologies, Inc. by Canterbury Mint Pty. Ltd. Superfund ;
- (c) The ordinary Shares to be issued and allotted to Canterbury Mint Pty. Ltd. Superfund Acct will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Canterbury Mint Pty. Ltd. Superfund Acct as soon as practicable after the Shareholders approve Resolution 12, which will be no later than one month after the date of this General Meeting.

## **Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Canterbury Mint Pty. Ltd. Superfund Acct is a related party for the purposes of Listing Rule 10.11. The issue of the ordinary Shares to Canterbury Mint Pty. Ltd. Superfund Acct amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Canterbury Mint Pty. Ltd. Superfund Acct

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Canterbury Mint Pty. Ltd. Superfund Acct, the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 12:

- (a) The number of Shares to be issued to Canterbury Mint Pty. Ltd. Superfund Acct is 12,660,000;
- (b) The consideration for those Shares is the exchange of 4,220,000 shares held in SolarMission Technologies, Inc. by Canterbury Mint Pty. Ltd. Superfund Acct;
- (c) The ordinary Shares to be issued and allotted to Canterbury Mint Pty. Ltd. Superfund Acct will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Canterbury Mint Pty. Ltd. Superfund Acct as soon as practicable after the Shareholders approve Resolution 12, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Canterbury Mint Pty. Ltd. Superfund Acct, this will result in a dilution of all other Shareholders' holdings in the Company by approximately 5%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Roger Davey, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 12 because he will have a personal interest in the outcome of this Resolution by virtue of his relationship with Canterbury Mint Pty. Ltd. Superfund Acct.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 12, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders

### **13. RESOLUTION 13 - ISSUE OF SHARES TO CHRISTOPHER JAMES DAVEY (RELATED PARTY)**

#### **Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Christopher James Davey is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the Corporations Act, as Christopher James Davey is a child of Roger Davey (a director of the Company).

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

#### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Christopher James Davey as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Christopher James Davey is 600,000;
- (b) The consideration for those Shares is the exchange of 200,000 shares held in SolarMission Technologies, Inc. by Christopher James Davey;
- (c) The ordinary Shares to be issued and allotted to Christopher James Davey will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Christopher James Davey as soon as practicable after the Shareholders approve Resolution 13, which will be no later than one month after the date of this General Meeting.

## **Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Christopher James Davey is a related party for the purposes of Listing Rule 10.11. The issue of the ordinary Shares to Christopher James Davey amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Christopher James Davey.

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Christopher James Davey, the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 13:

- (a) The number of Shares to be issued to Christopher James Davey is 600,000;
- (b) The consideration for those Shares is the exchange of 200,000 shares held in SolarMission Technologies, Inc. by Christopher James Davey;
- (c) The ordinary Shares to be issued and allotted to Christopher James Davey will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Christopher James Davey soon as practicable after the Shareholders approve Resolution 13, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Christopher James Davey, this will result in a dilution of all other Shareholders' holdings in the Company by approximately .002%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Roger Davey, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 13 because he will have a personal interest in the outcome of this Resolution by virtue of his relationship with Christopher James Davey.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 13, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

## **14. RESOLUTION 14 - ISSUE OF SHARES TO PENELOPE JUDITH DAVEY (RELATED PARTY)**

### **Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Penelope Judith Davey is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the

Corporations Act, as Penelope Judith Davey is the spouse of Roger Davey (a director of the Company).

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Penelope Judith Davey as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Penelope Judith Davey is 600,000;
- (b) The consideration for those Shares is the exchange of 200,000 shares and warrants held in SolarMission Technologies, Inc. by Penelope Judith Davey;
- (c) The ordinary Shares to be issued and allotted to Penelope Judith Davey will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Penelope Judith Davey as soon as practicable after the Shareholders approve Resolution 14, which will be no later than one month after the date of this General Meeting.

### **Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Penelope Judith Davey is a related party for the purposes of Listing Rule 10.11. The issue of the ordinary Shares to Penelope Judith Davey amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Penelope Judith Davey.

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Penelope Judith Davey, the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 14:

- (a) The number of Shares to be issued to Penelope Judith Davey is 600,000;
- (b) The consideration for those Shares is the exchange of 200,000 shares held in SolarMission Technologies, Inc. by Penelope Judith Davey;
- (c) The ordinary Shares to be issued and allotted to Penelope Judith Davey will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to as soon as practicable after the Shareholders approve Resolution 14, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Penelope Judith Davey, this will result in a dilution of all other Shareholders' holdings in the Company by approximately .002%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Roger Davey, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 14 because he will have a personal interest in the outcome of this Resolution by virtue of his relationship with Penelope Judith Davey.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 14, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

## **15. RESOLUTION 15 - ISSUE OF SHARES TO ROGER DAVEY (RELATED PARTY)**

### **Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Roger Davey is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the Corporations Act, as Roger Davey is a director of the Company.

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Roger Davey as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Roger Davey is 3,280,000;
- (b) The consideration for those Shares is the exchange of 1,640,000 warrants held in SolarMission Technologies, Inc. by Roger Davey;
- (c) The ordinary Shares to be issued and allotted to Roger Davey will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Roger Davey as soon as practicable after the Shareholders approve Resolution 15, which will be no later than one month after the date of this General Meeting.

## **Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Roger Davey is a related party for the purposes of Listing Rule 10.11. The issue of the ordinary Shares to Roger Davey amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Roger Davey.

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Roger Davey, the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 15:

- (a) The number of Shares to be issued to Roger Davey is 3,280,000;
- (b) The consideration for those Shares is the exchange of 1,640,000 warrants held in SolarMission Technologies, Inc. by Roger Davey;
- (c) The ordinary Shares to be issued and allotted to Roger Davey will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Roger Davey as soon as practicable after the Shareholders approve Resolution 15, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at Section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Roger Davey, this will result in a dilution of all other Shareholders' holdings in the Company by approximately 1.3%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Roger Davey, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 15 because he will have a personal interest in the outcome of this Resolution by virtue of the fact that he will personally receive the Shares the subject of this Resolution.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 15, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

## **16. RESOLUTION 16 - ISSUE OF SHARES TO EARLY SUCCESS PTY. LTD. (RELATED PARTY)**

### **Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Early Success Pty. Ltd. is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the

Corporations Act, as Early Success Pty. Ltd. is a related entity of David Galbally (a director of the Company).

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Early Success Pty Ltd as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Early Success Pty. Ltd. is 500,000;
- (b) The consideration for those Shares is the exchange of 250,000 warrants held in SolarMission Technologies, Inc. by Early Success Pty. Ltd.;
- (c) The ordinary Shares to be issued and allotted to Early Success Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Early Success Pty. Ltd. as soon as practicable after the Shareholders approve Resolution 16, which will be no later than one month after the date of this General Meeting.

### **Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Early Success Pty. Ltd. is a related party for the purposes of Listing Rule 10.11. The issue of the ordinary Shares to Early Success Pty. Ltd. amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Early Success Pty. Ltd.

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Early Success Pty. Ltd., the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 16:

- (a) The number of Shares to be issued to Early Success Pty. Ltd. is 500,000;
- (b) The consideration for those Shares is the exchange of 250,000 warrants held in SolarMission Technologies, Inc. by Early Success Pty. Ltd.;
- (c) The ordinary Shares to be issued and allotted to Early Success Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and

- (d) The Company will issue and allot the ordinary Shares Early Success Pty. Ltd. Superfund Acct as soon as practicable after the Shareholders approve Resolution 16, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Early Success Pty. Ltd, this will result in a dilution of all other Shareholders' holdings in the Company by approximately 0.02%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

David Galbally, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 16 because he will have a personal interest in the outcome of this Resolution because of his relationship with Early Success Pty. Ltd.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 16, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

## **17. RESOLUTION 17 - ISSUE OF SHARES TO ORCA STRATEGIES PTY. LTD. (RELATED PARTY)**

### **Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Orca Strategies Pty. Ltd. is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the Corporations Act, as Orca Strategies Pty. Ltd. is a related entity of Christopher James Davey (a related party).

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Orca Strategies Pty. Ltd. as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Orca Strategies Pty. Ltd. is 22,041,001;
- (b) The consideration for those Shares is the exchange of 1,013,667 shares and 9,500,000 warrants held in SolarMission Technologies, Inc. by Orca Strategies Pty. Ltd.;

- (c) The ordinary Shares to be issued and allotted to Orca Strategies Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Orca Strategies Pty. Ltd. as soon as practicable after the Shareholders approve Resolution 17, which will be no later than one month after the date of this General Meeting.

#### **Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Orca Strategies Pty. Ltd. is a related party for the purposes of Listing Rule 10.11. The issue of the ordinary Shares to Orca Strategies Pty. Ltd. amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Orca Strategies Pty. Ltd.

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Orca Strategies Pty. Ltd, the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 17:

- (a) The number of Shares to be issued to Orca Strategies Pty. Ltd. is 22,041,001;
- (b) The consideration for those Shares is the exchange of 1,013,667 shares and 9,500,000 warrants held in SolarMission Technologies, Inc. by Orca Strategies Pty. Ltd.;
- (c) The ordinary Shares to be issued and allotted to Orca Strategies Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Orca Strategies Pty. Ltd. as soon as practicable after the Shareholders approve Resolution 17, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at Section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Orca Strategies Pty Ltd, this will result in a dilution of all other Shareholders' holdings in the Company by approximately 9.1%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Roger Davey, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 17 because he will have a personal interest in the outcome of this Resolution by virtue of his relationship with Christopher James Davey.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 17, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

**18. RESOLUTION 18 - ISSUE OF SHARES TO SUNSHINE ENERGY (AUST) PTY. LTD. (RELATED PARTY)**

**Background**

As explained in section 10 above, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc. Of those stockholders, Sunshine Energy [Aust] Pty. Ltd is a "related party" for the purposes of Listing Rule 10.11 and section 228 of the Corporations Act, as Sunshine Energy (Aust) Pty. Ltd. is a related entity of Guoxiang Ma (a director of the Company).

The issue of Shares to this "related party" requires the approval of the Shareholders for the purposes of Listing Rule 7.1 and Listing Rule 10.11.

**Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Sunshine Energy (Aust) Pty. Ltd. as set out in Annexure 1.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of those Shares, the Shareholders are provided with the following information:

- (a) The number of Shares to be issued to Sunshine Energy (Aust) Pty. Ltd. is 3,948,990;
- (b) The consideration for those Shares is the exchange of 1,316,330 shares held in SolarMission Technologies, Inc. by Sunshine Energy (Aust) Pty. Ltd.;
- (c) The ordinary Shares to be issued and allotted to Sunshine Energy (Aust) Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (d) The Company will issue and allot the ordinary Shares to Sunshine Energy (Aust) Pty. Ltd. as soon as practicable after the Shareholders approve Resolution 18, which will be no later than one month after the date of this General Meeting.

**Listing Rule 10.11 and Chapter 2E of the Corporations Act**

Listing Rule 10.11 provides that a listed company must not issue equity securities to a "related party" of the company without the approval of members of the company.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit to a related party of the Company without prior shareholder approval. Sunshine Energy (Aust) Pty. Ltd. is a related party for the purposes of Listing Rule 10.11. The issue of the ordinary Shares to Sunshine Energy (Aust) Pty. Ltd. amounts to the giving of a financial benefit to a related party.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the ordinary Shares to Sunshine Energy (Aust) Pty. Ltd

In accordance with Listing Rule 10.13 and to enable the Shareholders to approve the issue of the Shares to Sunshine Energy (Aust) Pty. Ltd., the Shareholders are provided with the following information in respect of the Shares the subject of Resolution 18:

The number of Shares to be issued to Sunshine Energy (Aust) Pty. Ltd. is 3,948,990;

- (a) The consideration for those Shares is the exchange of 1,316,330 shares held in SolarMission Technologies, Inc. by Sunshine Energy (Aust) Pty. Ltd.;
- (b) The ordinary Shares to be issued and allotted to Sunshine Energy (Aust) Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (c) The Company will issue and allot the ordinary Shares to Sunshine Energy (Aust) Pty. Ltd. as soon as practicable after the Shareholders approve Resolution 18, which will be no later than one month after the date of this General Meeting in any event.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Sunshine Energy (Aust) Pty. Ltd., this will result in a dilution of all other Shareholders' holdings in the Company by approximately 1.52%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Guoxiang Ma, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 18 because he will have a personal interest in the outcome of this Resolution because of his relationship with Sunshine Energy (Aust) Pty. Ltd.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution.

In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 18, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

## **19. RESOLUTION 19 - ISSUE OF SECURITIES TO CHARLES WELLS (EXCEEDING 15% OF CAPITAL) (UNRELATED PARTY)**

### **Background**

The Company proposes to issue Shares and options to subscribe for Shares to Charles Wells (**Charles Wells Securities**) pursuant to the terms of the Charles Wells Agreement. Please refer to section 7 of this Explanatory Memorandum for details of the Charles Wells Agreement.

### **Listing Rule 7.1**

Listing Rule 7.1 provides that a listed company must not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of issue, except where an exception applies or with prior approval of members of the company in a general meeting of the terms and conditions of the proposed issue.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Charles Wells Securities to Charles Wells.

In accordance with Listing Rule 7.3 and to enable the Shareholders to approve the issue of the Charles Wells Securities, the Shareholders are provided with the following information in respect of the Charles Wells Securities the subject of Resolution 19:

The Charles Wells Securities are to be issued to Charles Wells and Charles Wells will provide funds to the Company as follows:

- (i) On 15 October 2008 (U.S. time), Charles Wells paid US\$500,000 to the Company and the Company will, after the Shareholders approve Resolution 7, issue and allot to Charles Wells no later than 1 month after the date of this General Meeting:
  - (A) 2,000,000 options to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 3, on a one for one basis, one ordinary Share with an exercise price of 25 cents, exercisable at any time after the date of issue and prior to 1 February 2011;
  - (B) a number of ordinary Shares the total price for which, when added to the total price of the 2,500,000 Shares already issued to Charles Wells as described in section 8 above, is equal to US\$500,000 based on the closing price as quoted on the ASX on 14 October 2008 of the ordinary Shares, which was A\$0.065; and
  - (C) a number of attaching options equal to the total number of ordinary Shares to be issued as set out in (B) above together with the 2,500,000 ordinary Shares issued as described in section 8 above to subscribe for ordinary Shares on the terms and conditions as set out in Annexure 3, on a one for one basis, at 25 cents for each ordinary Share, exercisable at any time after the date of issue and prior to 1 February 2011;
- (ii) On 1 December 2008 (U.S. time), Charles Wells will pay US\$500,000 to the Company and the Company is seeking shareholder approval to issue and allot to Charles Wells:
  - (A) a number of ordinary Shares the total price for which will amount to US\$500,000 based on the closing price of the Company's ordinary Shares on the previous trading day as quoted on the ASX, the minimum price being at least 80% of the average market price for the previous five trading days, together with;
  - (B) a number of attaching options equal to the number of ordinary Shares issued immediately above at (A), to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 4, on a one for one basis, at double the price of the ordinary Shares issued immediately above at (A), exercisable at any time after the date of issue and prior to 1 February 2011;
- (iii) On 1 February 2009 (U.S. time), Charles Wells will pay US\$500,000 to the Company and the Company is seeking shareholder approval to issue and allot to Charles Wells:
  - (A) a number of ordinary Shares the total price for which will amount to US\$500,000 based on the closing price of the Company's ordinary Shares on the previous trading day as quoted on the ASX, the minimum price being at least 80% of the average market price for the previous five trading days, together with;
  - (B) a number of attaching options equal to the number of ordinary Shares issued immediately above at (A), to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 4, on a one for one basis, at double the price of the ordinary Shares issued immediately above at (A), exercisable at any time after the date of issue and prior to 1 February 2011.

- (b) The payment made by Charles Wells in 19(a)(i) above amounted to A\$728,408.90. This equates to a proposed issue of 11,206,298 Shares at the closing price of A\$0.065 on 14 October 2008 and 11,206,298 options prior to Shareholder approval. Of this total the Company has sought approval for 2,500,000 Shares in Resolution 8. The Company now seeks Shareholder approval for the balance of 8,706,298 Shares and 11,206,298 Options.

At this time the exact number of Shares to be issued under Section 19(a)(ii) and 19(a)(iii) is not known with certainty but will be calculated in accordance with the terms described above.

- (c) The Shares to be issued to Charles Wells will rank equally in all respects with all other ordinary Shares in the Company on issue;
- (d) The terms of the options to be issued to Charles Wells are detailed in Annexures 3 and 4; and
- (e) The U.S. \$1,500,000 to be raised from the issue of the Charles Wells Securities is to be used by the Company for development activities in the United States of America, reduction of debt and otherwise for working capital.

### **Section 606 of the Corporations Act**

Under section 606 of the Corporations Act, a person is prohibited from acquiring a relevant interest in issued voting shares in a listed company if, because of a transaction or series of transactions in relation to the securities, that person's voting power in the company increases from 20% or below to more than 20%.

At this stage it is considered unlikely that Charles Wells will acquire more than 20% of the voting power of the Company as a result of this placement and so section 606 does not apply to the placement. However, if, when the Company wishes to issue and allot the ordinary Shares and options to Charles Wells pursuant to paragraph (a)(ii) and (a)(iii) above, it appears likely to the Company that Charles Wells may acquire a voting power in excess of 20% having regard to variations in the Company's share price, currency exchange movements, or other circumstances, the Company will not issue and allot those shares and options without first obtaining the approval of the Shareholders at an extraordinary general meeting in accordance with section 611(7) of the Corporations Act.

## **20. RESOLUTION 20 - ISSUE SECURITIES TO JOHN S MCCOY (UNRELATED PARTY)**

### **Background**

On 13 October 2008, the Company entered into an agreement with John S McCoy (**John S McCoy Agreement**) pursuant to which John S McCoy agreed to invest US\$10,000 in the Company in consideration for the Company issuing and allotting to John S McCoy a number of Shares and options to subscribe for Shares in the Company on the following terms:

John S McCoy agreed to pay on 15 October 2008 (U.S. time) US\$10,000 to the Company in exchange for:

- (a) a number of ordinary Shares the total price for which amounted to US\$10,000 based on the closing price of the Company's ordinary Shares on 14 October 2008 as quoted on the ASX, which was A\$0.065 together with
- (b) one free option to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 3, on a one for one basis, at the price of A\$0.25, such options to be exercisable at any time after the date of issue and prior to 1 February 2011.

The payment made by John S McCoy in accordance with the agreement was received by the Company and amounted to A\$14,048.58. This equates to the proposed issue of 216,132

Shares at the closing price of A\$0.065 on 14 October 2008, and 216,132 options with an exercise price of A\$0.25 on or before 1 February 2011.

The Company will allot to John S McCoy no later than 1 month after the date of this General Meeting the number of ordinary Shares and options calculated in accordance with (a) immediately above.

Resolution 20 seeks Shareholder approval and ratification of the Company's entry into the John S McCoy Agreement.

Funds raised are to be used by the Company for development activities in the US, reduction of debt and otherwise for working capital.

## **21. RESOLUTION 21 - ISSUE OF SECURITIES TO LEE TANNER (UNRELATED PARTY)**

### **Background**

On 13 October 2008, the Company entered into an agreement with Lee Tanner (**Lee Tanner Agreement**) pursuant to which Lee Tanner agreed to invest US\$50,000 in the Company in consideration for the Company issuing and allotting to Lee Tanner a number of Shares and options to subscribe for Shares in the Company on the following terms:

On 15 October 2008 (U.S. time), Lee Tanner agreed to pay US\$50,000 to the Company in exchange for:

- (a) a number of ordinary Shares the total price for which amounted to US\$50,000 based on the closing price of the Company's ordinary Shares on 14 October 2008 as quoted on the ASX, which was A\$0.065 together with
- (b) one free option to subscribe for ordinary Shares, on the terms and conditions as set out in Annexure 3, on a one for one basis, at the price of A\$0.25, such options to be exercisable at any time after the date of issue and prior to 1 February 2011.

The payment made by Lee Tanner in accordance with the agreement has been received by the Company and amounted to A\$71,893.06. This equates to the proposed issue of 1,106,047 Shares at the closing price of A\$0.065 on 14 October 2008, and 1,106,047 options with an exercise price of A\$0.25 on or before 1 February 2011.

The Company will allot to Lee Tanner no later than 1 month after the date of this General Meeting the number of ordinary Shares and options calculated in accordance with (a) immediately above.

Resolution 21 seeks Shareholder approval and ratification of the Company's entry into the Lee Tanner Agreement.

Funds raised are to be used by the Company for development activities in the US, reduction of debt and otherwise for working capital.

## **22. RESOLUTION 22 - ACQUISITION OF A SUBSTANTIAL ASSET FROM CANTERBURY MINT PTY. LTD. (A RELATED PARTY)**

### **Background**

As set out in Resolution 10, the Company proposes to issue a number of ordinary Shares to stockholders of SolarMission Technologies, Inc. in exchange for their shares and warrants held in SolarMission Technologies, Inc.

As set out in Resolution 11, Canterbury Mint Pty. Ltd. is one of those stockholders of SolarMission Technologies, Inc. that is a "related party" for the purposes of Listing Rule 10.11.

In addition to the requirements that apply to related parties under Listing Rule 10.11, Listing Rule 10.1 applies to the proposed transaction with Canterbury Mint Pty. Ltd. as a "related party".

### **Listing Rule 10.1 and Chapter 2E of the Corporations Act**

Listing Rule 10.1 provides that the Company cannot acquire a "substantial asset" from a related party without the approval of the Shareholders.

Similarly, Chapter 2E of the Corporations Act prohibits a company, subject to certain exceptions, from giving a financial benefit which includes buying an asset from a related party without prior shareholder approval. Canterbury Mint Pty. Ltd., is a related party for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act as Canterbury Mint Pty. Ltd. is a related entity of Roger Davey (a director of the Company).

The Company's proposed acquisition of Canterbury Mint Pty. Ltd.'s 2,927,000 shares and 10,600,000 warrants in SolarMission Technologies, Inc. constitutes an "acquisition" of a "substantial asset" for the purposes of Listing Rule 10.1 because, as provided in Listing Rule 10.2, the consideration for Canterbury Mint Pty. Ltd.'s SolarMission Technologies, Inc. shares and warrants is to be provided by way of an issue and allotment of shares in the Company the value of which is, or in ASX's opinion is, 5% or more of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

Accordingly, the Company seeks approval from the Shareholders to issue and allot the Shares to Canterbury Mint in exchange for Canterbury Mint Pty. Ltd.'s shares and warrants in SolarMission Technologies, Inc.

The Shareholders are also provided with the following information:

- (a) Canterbury Mint Pty. Ltd. holds 2,713,273 shares in the Company at the date of this Notice;
- (b) The number of Shares to be issued to Canterbury Mint Pty. Ltd. is 29,918,000;
- (c) The consideration for those Shares is the transfer by Canterbury Mint Pty. Ltd. of its 2,927,000 shares and 10,600,000 warrants held in SolarMission Technologies, Inc.;
- (d) The ordinary Shares to be issued and allotted to Canterbury Mint Pty. Ltd. will rank equally in all respects with all other ordinary Shares in the Company on issue; and
- (e) The Company will issue and allot the ordinary Shares to Canterbury Mint Pty. Ltd. within one month after the Shareholders approve Resolution 22.

Shareholders are also referred to the additional information provided at section 23 of this Explanatory Memorandum.

If the Shareholders approve the proposed issue of shares to Canterbury Mint Pty. Ltd., this will result in a dilution of all other Shareholders' holdings in the Company by approximately 12.8%. This dilution calculation is based on the assumption that all Resolutions regarding the issue of Shares set out in this Notice are approved and the relevant Shares are issued.

Roger Davey, in his capacity as a director of the Company, does not wish to make a recommendation to Shareholders about the proposed Resolution 11 because he will have a personal interest in the outcome of this Resolution by virtue of his relationship with Canterbury Mint Pty. Ltd.

Each of the remaining directors of the Company, who do not have an interest in the outcome of the proposed Resolution, recommend that the Shareholders approve this Resolution. In accordance with Listing Rule 10.10.2, attached to this Notice as Annexure 2 is an Independent Expert's report on the proposed transaction set out in Resolution 22, which states that the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

## 23. RESOLUTIONS 9, 11-18 AND 22 - INFORMATION REQUIREMENTS (S.219)

For the purpose of Chapter 2E of the *Corporations Act* the following information is provided:

- In the 12 month period before the date of this Notice of Meeting, the highest price at which the Company's shares traded on the ASX was \$0.135 on 5 December 2007 and the lowest price was \$0.02 on 16 October 2008.
- The full weighted average price of the company's shares on the ASX over the 10 trading days prior to the date of this Notice of Meeting was \$0.055.
- The closing price on the last trading day prior to the date of this Notice of Meeting was \$0.045.

The total financial benefits due to be paid, but only partly paid, to Roger Davey and David Galbally in their capacity as directors in this current period are as follows:

Name	Salary p.a. (\$)	Superannuation p.a. (\$)	Total Financial Benefits p.a. (\$)
Roger Davey	250,000	Nil	250,000
David Galbally	20,000	Nil	20,000

The current securities in the Company held by the related parties referred to in Resolutions 11-18 and 22 at the date of this Notice, are as follows:

Name	Shares	Options
Canterbury Mint Pty. Ltd.	2,713,273	Nil
Canterbury Mint Pty. Ltd. Superfund Acct	2,613,406	Nil
Christopher James Davey	Nil	Nil
Penelope Judith Davey	Nil	Nil
Roger Davey	17	Nil
Early Success Pty. Ltd.	Nil	Nil
Orca Strategies Pty. Ltd.	225,000	Nil
Sunshine Energy (Aust) Pty. Ltd.	10,714,286	Nil

### Effect on Capital Structure

At the date of this Notice the Company has on issue 108,055,872 shares. There are no options on issue.

If the Shareholders approve all the resolutions and issues of Shares (including the Shares to be issued under the Charles Wells Agreement (including the Shares to be issued upon payment by Charles Wells on 1 December 2008 and 1 February 2009)), the Company will have on issue 289,152,607 Shares and 37,152,904 options and the securities in the Company held by the Related Parties referred to in Resolutions 11 to 18 and 22 (and their Associates) will be as follows:

Name	Shares	Percentage Voting Rights
Roger Davey	3,280,017	1.13%
Canterbury Mint Pty. Ltd.	32,694,273	11.31%
Canterbury Mint Pty. Ltd. Superfund Acct	15,273,406	5.28%
Penelope Judith Davey (spouse of Roger Davey)	600,000	0.21%
Christopher James Davey (son of Roger Davey)	600,000	0.21%
Orca Strategies Pty. Ltd.	22,266,001	7.70%
David Galbally	625,000	0.22%
Early Success Pty. Ltd.	500,000	0.17%
Sunshine Energy Pty. Ltd.	14,663,276	5.07%

The Related Parties will not hold any options to subscribe for Shares. The above table assumes that on the date of issue of Shares under the Charles Wells Agreement an exchange rate of 68 cents per US\$ applies and the price for the Company's ordinary Shares as listed on the ASX is \$0.065

**Annexure 1  
Issue of Shares to Related Parties**

<b>SMT Shareholder+Warrant Holder</b>	<b>3 for 1</b>	<b>2 for 1</b>	<b>EVM Total issue</b>
	<b>SMT shares</b>	<b>SMT Warrants</b>	
<b>Canterbury Mint Pty. Ltd</b>	2,927,000	10,600,000	29,981,000
<b>Canterbury Mint Pty. Ltd. Superfund Acct</b>	4,220,000		12,660,000
<b>Davey, Christopher James</b>	200,000		600,000
<b>Davey, Penelope Judith</b>	200,000		600,000
<b>Davey, Roger</b>		1,640,000	3,280,000
<b>Early Success Pty. Ltd.</b>		250,000	500,000
<b>Orca Strategies Pty. Ltd.</b>	1,013,667	9,500,000	22,041,001
<b>Sunshine Energy [Aust], Pty. Ltd.</b>	1,316,330		3,948,990
	<b>9,876,997</b>	<b>21,990,000</b>	<b>73,610,991</b>

17 November 2008

The Directors  
EnviroMission Limited  
3 Raglan Street  
South Melbourne, VIC 3205

Dear Sirs

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

1.1 You have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report pursuant to Rule 10.1 of the Listing Rules of the Australian Securities Exchange ("ASX") and Chapter 2E of the Corporations Act 2001 ("the Act"). The transaction, as set out in Section 2 below, is permitted by Chapter 10 of the ASX Listing Rules and by the Act provided that it is agreed to by shareholders, other than those involved in the proposed transaction or persons associated with such persons (i.e. the Non-Associated Shareholders).

### 1.2 Takeover Offer

On 27 May 2008 EnviroMission Limited ("EVM" or "the Company") made an offer to acquire all of the issued shares and warrants in SolarMission Technologies, Inc. ("SMT")(a company incorporated in the United States of America) on the following terms:

- (a) for each SMT share held, 3 EVM shares; and
- (b) for each SMT warrant held, 2 EVM shares.

### 1.3 Background to the Offer

A German Group of companies named Schlaich Bergmann and Partners ("SBP") originally conceived the solar chimney technology and the international rights were sold to Energen Holding Company Limited ("EHCL"). SMT acquired a 74.29% interest in EHCL for US\$26,000,000 and the international rights to the technology in eleven countries, including the United States and Australia. EHCL's rights were limited to those eleven countries and therefore SMT's rights were similarly limited.

SMT granted a sub-license to EVM to develop the solar tower technology in Australia. EVM issued 6 million shares for the Australian licence. From 2000 through 2007, significant improvements were made to the solar tower technology by EVM, the particulars of which were required to be disclosed to SMT and SMT was entitled to utilize all such improvements without payment to EVM. During this period EVM also developed enhancing technologies that were not "improvements" to the SBP/EHCL/SMT technologies however these enhancements cannot be utilized by them without obtaining licenses from EVM.

On 31 December 2006 the rights granted by SBP to EHCL and through it to SMT and

EVM expired by operation of the terms of the assignment of rights from SBP to EHCL. SMT (on behalf of itself and EVM) argued equitable estoppel arising from shares in SMT accepted by SBP and two of its principals. Notwithstanding that argument, the outcome of any arbitration or court proceeding was very uncertain. SMT negotiated with SBP and the negotiations resulted in an agreement between SBP and SMT, which greatly increased SMT's position with regard to the solar tower technology in the following particulars:

1. SMT's right to develop solar towers is no longer linked to EHCL, as EHCL's rights expired; it is direct to SMT and it is unlimited. No obligations remain to EHCL.
2. SMT has the right to develop and utilize the improved SBP technology on a non-exclusive basis globally, without restriction as to any country.
3. SMT has no obligation to pay any royalty to SBP.
4. SMT has no obligation to inform SBP of any further developments in the technology and may make any and all improvements to the technology for its own account.

SMT has had the rights to the solar tower technology since the 1990's, however electricity prices, the lack of government support for the development of renewable energies and the slow rate of technology enhancements to improve efficiencies have not enabled SMT to get a project contractually funded and constructed.

EVM's takeover of SMT will bring the technology and licensing rights together under EVM's control and EVM/SMT will then be able to proceed ahead with one or more of the development proposals that EVM is currently assessing.

## **2. The Proposed Transaction**

- 2.1 The SMT takeover offer involves the acquisition by EVM of SMT shares and warrants, including those presently held by Messrs Roger Davey ("Davey"), David Galbally and Guoxiang Ma (all directors of EVM) and Mr Ian Riley (Company Secretary of EVM) and their related parties (collectively referred to as "the Related Parties"). There are 22 resolutions in the Notice of Meeting and each resolution is complicated in order to comply with all of the Corporations Act and ASX Listing Rules in respect of the takeover offer, as well as the shareholder approval of other items.
- 2.2 In simply terms, the EVM Non-Associated Shareholders are being asked to approve the issue of 147,818,831 EVM shares to acquire 58.92% of the issued share capital of SMT and 100% of the issued SMT warrants. The EVM directors have requested DMR Corporate to independently assess whether this transaction (the "Proposed Transaction") is fair and reasonable to the Non-Associated Shareholders and whether any financial benefits may be given to the Related Parties if the Proposed Transaction proceeds. The independent expert's report is to be prepared in accordance with the Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 – Content of expert reports.

## **3. Summary Opinions**

**ASX Listing Rule 10**

In our opinion, the Proposed Transaction set out in Section 2.2 above is **fair and reasonable to the Non-Associated Shareholders**.

Our principal reasons for reaching the above opinion are:

**Fairness**

- We assessed the effective price to acquire SMT in a range of \$10,100,000 to \$12,400,000 – Section 10.3
- We valued SMT at US\$9,000,000 and at an exchange rate of A\$1.00:US\$0.67 this equates to a value of approximately \$13,400,000 – Section 9.6
- As the effective price offered for 100% of the SMT shares and warrants is less than the value of SMT, we consider that **the Proposed Transaction is fair**.

**Reasonableness**

We have also reviewed the other significant factors referred to in Section 13 of this report and we consider that **the Proposed Transaction is reasonable**.

**4. Structure of this Report**

This report is divided into the following sections:

<u>Section</u>		<u>Page</u>
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6	EVM - Key Information	6
7	Valuation of EVM Shares	7
8	SMT - Key Information	9
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10	Assessment of the Consideration	12
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**5. Purpose of the Report**

This report has been prepared to meet the following regulatory requirements:

- **ASX - Listing Rules**

Listing Rule 10.1 requires that a company obtain shareholder approval at a general meeting when the sale or acquisition of a substantial asset is to be made to or from:

- (i) a related party;
- (ii) a subsidiary;
- (iii) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;
- (iv) an associate of a person referred to in paragraphs (i), (ii) or (iii) above;
- (v) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

Listing Rule 10.2 defines a substantial asset as being an asset whose value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX under the listing rules. The EVM equity interests were stated to be \$4,922,400 as at 30 June 2008 (Appendix B-3) and 5% of this balance represents \$246,120.

Davey is a substantial share and warrant holder in SMT and he is also a director of both EVM and SMT. As the value of Davey's SMT shares and warrants is greater than \$246,120 the ASX Listing Rules require that shareholders must approve the Proposed Transaction.

The notice of any meeting of shareholders to approve any transaction referred to in Listing Rule 10.1 shall be accompanied by a report from an independent qualified person who shall state his opinion as to whether the transaction is fair and reasonable to the Non-Associated Shareholders.

- **General**

The terms fair and reasonable are not defined in the Act so we have defined them for the purpose of this report as:

- Fairness - The Proposed Transaction is fair if the effective price paid by EVM to acquire the SMT shares and warrants is less than the value of the SMT.
- Reasonableness - the Proposed Transaction may be reasonable whether or not it is fair as it involves consideration of other significant factors that shareholders might consider prior to voting on the Proposed Transaction.

In determining whether the Proposed Transaction is fair, we have:

- valued the EVM shares;

- valued SMT; and
- compared the results of the two valuations.

In determining whether the Proposed Transaction is reasonable we have analysed other significant factors (other than fairness) and considered whether the advantages of proceeding with the Proposed Transaction outweigh the disadvantages of proceeding.

- **Corporations Act 2001 – Chapter 2E**

Section 208 of the Act states that a public company must obtain approval from the company's members if it gives a financial benefit to a related party unless the benefit falls within the scope of an exception to the Act or the provisions of Section 210 or 211 of the Act.

Section 210 of the Act states that member approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a) above.

Section 211 of the Act states that member approval is not needed to give a financial benefit if:

- (a) the benefit is remuneration to a related party as an officer or employee;
- (b) to give the remuneration would be reasonable.

Section 228 of the Act defines 'related parties' as:

- (a) directors of the public company;
- (b) directors (if any) of an entity that controls the public company;
- (c) if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;
- (d) spouses and de facto spouses of the persons referred to in paragraphs (a) to (c) above.

The issuance of the EVM shares to the Related Parties as part of the Proposed Transaction is permitted by the Act, however Section 208 provides that prior shareholder approval is required before a public company can provide a financial benefit to a related party. Shareholders must be provided with all the information that is reasonably required in order for them to decide whether or not it is in the company's interests to approve the giving of the financial benefit.

The ASIC media release issued on 10 August 2004 has expressed the view that the financial benefit must be adequately valued. ASIC has gone on to state:

“An adequate valuation requires the basis of the valuation and the principal assumptions behind the valuation to be disclosed, and in some circumstances it may be necessary to provide a valuation by an independent expert.”

The Directors of EVM have requested DMR Corporate to independently assess the value of this financial benefit.

## **6. EVM - Key Information**

## **6.1 Background**

EVM was incorporated on 26 July 2000 to develop large-scale economic energy projects. SMT granted an Australian sub-license to EVM to develop the solar tower technology in Australia in exchange for the issue of 6 million shares. In July 2001 EVM was sold to an ASX listed company named Prudential West Limited (“PWL”) and PWL changed its name to EnviroMission Limited. Since July 2001 EVM has been listed on the ASX and it has been developing and improving the solar tower technologies.

In May 2008 EVM made its takeover offer to the SMT shareholders and 98% of the SMT shareholders representing 58.92% of the SMT issued shares and 100% of the warrant holders accepted the offer. On a fully diluted basis EVM has obtained an 84.12% interest in SMT.

Following this offer EVM and SMT entered into a licence agreement whereby EVM obtained the exclusive right to develop and commercialise the solar tower technology on an international basis, except for China. The terms of this agreement include:

- SMT received 5 million EVM shares – issued on 6/8/2008
- EVM will bear the entire cost of finalising the combined technologies and bringing them to market
- for each solar tower plant in which EVM has an ownership or beneficial interest, EVM will remit a licence fee to SMT equal to US\$10,000 per megawatt peak for which the plant is rated
- for each solar power plant paying EVM royalties, EVM has agreed to remit 1% of the royalty income to SMT

The impact of the SMT takeover and the international licensing arrangements have facilitated:

- a capital injection of US\$1,560,000 into EVM – US\$560,000 in October 2008, US\$500,000 on 1 December 2008 and US\$500,000 on 1 February 2009
- meaningful negotiations with two major Californian utility companies

## **6.2 Share Capital**

As at the 30 June 2008 EVM had on issue 100,555,872 shares and as at the date of this report EVM has on issue 108,055,872 fully paid ordinary shares.

The major shareholders of EVM on 6 November 2008 are presented in Appendix A. As at that date, the top 20 shareholders held 63.11% of the issued ordinary capital of EVM.

Since 30 June 2008 EVM has issued 5,000,000 shares to SMT for the global licensing arrangements entered into subsequent to the takeover offer and 2,500,000 shares (US\$560,000 – A\$0.065 per share) in respect of part of the US\$1,560,000 capital raising referred to in Section 6.1 above.

## **6.3 Operating Performance**

EVM’s income statements for the financial years ended 30 June 2007 and 2008 are set out in Appendix B-1.

## **6.4 Cash Flow Statements**

EVM's cash flow statements for the financial years ended 30 June 2007 and 2008 are set out in Appendix B-2. As can be seen from Appendix B-2, EVM has had limited resources to spend on the development of the solar tower technology pending the corporate restructure with SMT.

## 6.5 Balance Sheets

EVM's balance sheets as at 30 June 2007 and 2008 are set out in Appendix B-3.

## 7. Valuation of EVM Shares

### 7.1 Net Assets

The net assets of EVM as at 30 June 2008 as per the audited financial statements were \$4,922,400 – Appendix B-3. As at 30 June 2008 the net asset backing of the EVM shares was \$0.046 per share.

Since 30 June 2008 the net assets have moved as follows:

	\$
Net assets – 30 June 2008	4,922,400
Global licence from SMT      5,000,000 shares @ A\$0.065 per share	325,000
Capital raising                      2,500,000 shares @ A\$0.065 per share	162,500
Less: Estimated expenditure to date	(100,000)
	<u>5,309,900</u>
Net asset backing per share      108,055,872 shares on issue	<u>\$0.049</u>

We have concluded that the value of EVM shares, based on the net asset backing valuation methodology is in a range of \$0.046 to \$0.049.

### 7.2 Orderly Realisation of Assets

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets or business segments on the basis of an assumed orderly realisation. Consequently, this method may ignore the ability of the asset base of the business to generate ongoing future earnings at a level sufficient to justify a value in excess of the value of its assets in an orderly realisation.

EVM's main assets are its Australian licence to the solar tower technology and its intellectual property in the design and construction of the solar towers. In August 2008 EVM also obtained the global development licence from SMT following the takeover bid.

Given the nature of EVM's assets and its ability to raise additional capital to take the solar tower technology to the next phase, we do not believe that the assets could be marketed in an orderly manner and realise their full values. For this reason we do not consider that the orderly realisation valuation methodology is an appropriate methodology to use to value EVM.

### 7.3 Share Price History

A table of the share price history of EVM from 1 October 2007 to 6 November 2008 is presented in Appendix C. We comment thereon below.

#### **Share Volumes**

The table in Appendix C shows that the total volume of shares traded was 14,426,496 and this equates to approximately 13.4% of the shares on issue. As the period represented in Appendix C is 13 months, this indicates that the stock is illiquid.

The number of shares traded over this period has been steadily decreasing each month as corporate development funding has been virtually non-existent and there has been little good news to attract investors to buy the EVM shares.

#### **Share Prices**

The table in Appendix C shows that the price during the period varied from a high of \$0.14 in October 2007 to a low of \$0.020 in October 2008.

EVM announced its intention to make a takeover bid for SMT on 11 March 2008 and as at that date the 30-day Volume Weighted Average Price (“VWAP”) (based on daily volumes at closing prices) was \$0.0653 and the 90-day VWAP was \$0.0855.

In late May 2008 the takeover bid was formalised and at that time the 30-day VWAP was \$0.0621 and the 90-day VWAP was \$0.0667.

As at the 6 November 2008 the 30-day VWAP was \$0.0552 and the 90-day VWAP was \$0.0596.

#### **Summary – Share Price History**

We have formed the opinion that EVM shares have a current market value in a range of \$0.0552 to \$0.0667 each.

### **7.4 Earnings Based Valuation**

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As EVM does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value EVM shares.

### **7.5 Net Present Value of Projected Cash Flows**

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

EVM has not been generating positive cash flows and we have not obtained any financial forecasts or assumptions upon which forecasts could be based. We have therefore been unable to complete a valuation based on this methodology.

## 7.6 Conclusion

The above valuation methodologies are summarised as:

<b>VALUATION METHODOLOGY</b>	<b>Low \$ Per Share</b>	<b>High \$ Per Share</b>
Net Assets	0.046	0.049
Orderly Realisation of Assets	N/A	N/A
Share Price History	0.055	0.067
Earnings based Valuation	N/A	N/A
Net Present Value of Projected Cash Flows	N/A	N/A

Having regard to the results of the applicable valuation methodologies, we have valued the EVM shares at \$0.055 to \$0.067 per share.

## 8. SMT – Key Information

### 8.1 Background

The SMT background information has been summarized in Section 1.3 above.

### 8.2 Capital Structure

In June, 2000, SMT acquired a 74.29% interest in EHCL by the issuance of 5,924,858 shares of SMT to EHCL shareholders at a deemed valuation of US\$4.375 per share.

July, 2000 saw the first infusion of capital, whereby a group of investors bought 750,000 shares at US\$0.40 per share, for a total price of US\$300,000.00.

The next significant infusion of capital occurred in October, 2004, when an investor paid US\$1,000,000.00 in return for the issuance of 658,165 shares, the price being US\$1.52 per share.

On several occasions between 2001 and 2005, Davey and David Rodli (both SMT Directors)(“Rodli”) converted warrants to shares. Those warrants, a number of which were founders’ warrants, were exercised at US\$0.10 and US\$0.50 per share, respectively.

In April, 2003, SMT issued 1,312,266 shares at a deemed value of US\$2.50 per share constituting an advance payment of the royalty that would be due from SMT to SBP upon

the completion of the first 200 MW solar tower plant. It was not a cash transaction and was deemed exceptionally beneficial to SMT at the time.

At the end of 2005, the Directors having determined after discussions with securities counsel that it was consistent with the best interests of the common shareholders of SMT to do so, issued a one-for-one share dividend to all common shareholders, thus doubling the number of their shares from an aggregate of 14,620,289 to an aggregate of 29,240,578. It was believed that the dividend would benefit the shareholders in the event of a merger or similar combination with one or more other interests.

In April, 2007, several consultants converted part or all of the outstanding balances owed to them for SMT common stock. The accounts payable were converted at US\$0.30 per share - 667,415 shares were issued.

The following is a summary of the issuance of shares commencing 31 October 1999, the day before SMT first entered into a Heads of Agreement with EHCL:

	Number of Shares	
	Issued	Total
Issued and Outstanding as at October 1999		3,500,000
Issued to EHCL shareholders June, 2000	5,942,858	9,442,858
Issued to investors July, 2000	750,000	10,192,858
Issuance to Schlaich Bergmann April 2003	1,312,266	11,505,124
Issuance to Investor, October, 2004	658,165	12,163,289
Conversion of Warrants, Davey and Rodli	2,457,000	14,620,289
Increase by Share Dividend	14,620,289	29,240,578
Issuance to consultants, April, 2007	667,415	29,907,993

In addition to the fully paid shares there are also 47,476,000 warrants on issue. Each warrant is exercisable at US\$0.25 and the expiry date is 30 April 2011.

### 8.3 Balance Sheets

SMT's balance sheets as at 30 June 2006, 2007 and 2008 are attached as Appendix D.

## 9. Valuation of SMT

### 9.1 Net Assets

The net assets of SMT as at 30 June 2008 as per the management accounts were US\$28,121,708 – Appendix D. As at 30 June 2008 the net asset backing of the SMT shares was \$0.94 per share.

Included in the net assets is an amount of US\$26,035,000 representing SMT's investment in EHCL, which effectively represents the cost of acquiring the international rights to the solar tower technology. As SMT has been unable to contractually obtain a commitment for a solar tower project to commence, we consider that this valuation may be over-stated as there was no programmed income stream to support the carrying value of the asset as at 30 June 2008.

### 9.2 Orderly Realisation of Assets

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets or business segments on the basis of an assumed orderly realisation. Consequently, this method may ignore the ability of the asset base of the business to generate ongoing future earnings at a level sufficient to justify a value in excess of the value of its assets in an orderly realisation.

SMT's main assets were its international rights to the solar tower technology. In calendar 2000 SMT licensed the Australian rights to EVM and in October 2003 the rights to China were licensed to a group of investors associated with Sunshine Energy (Aust) Pty Ltd. The Chinese investors will invest US\$8,000,000 for a 75% equity interest in the Chinese company and SMT will hold a 25% non-diluting and free carried interest in perpetuity. This equated to an investment of US\$2,666,667 for the China rights. The US\$8,000,000 is to be spent on the development of the solar tower technology in China and will be invested into a special purpose vehicle on approval of the project by the Chinese Central Government. SMT will have a 25% non-diluting and free carried interest in perpetuity.

Given the nature of SMT's assets and the long lead times that it is taking to get a commercial solar tower project commenced, we do not believe that the assets could be marketed in an orderly manner and realise their full values. For this reason we do not consider that the orderly realisation valuation methodology is an appropriate methodology to use to value SMT.

### **9.3 Share Price History**

There is no market in the SMT shares and therefore there is no share price history.

The last capital raising occurred in April 2007 when several consultants converted part or all of the outstanding balances owed to them for common stock in SMT. The accounts payable were converted at US\$0.30 per share and 667,415 shares were issued. As the warrants were on issue in April 2007 this price effectively takes account of the dilution impact of the warrants.

Based on a price of US\$0.30 per share the entire issued capital of SMT would be valued at US\$8,972,398 – say US\$9,000,000.

### **9.4 Earnings Based Valuation**

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As SMT does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value SMT.

### **9.5 Net Present Value of Projected Cash Flows**

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

SMT has not been generating positive cash flows and we have not obtained any financial forecasts or assumptions upon which forecasts could be based. We have therefore been unable to complete a valuation based on this methodology.

## 9.6 Conclusion

The above valuation methodologies are summarised as:

VALUATION METHODOLOGY	Low Per Share	High Per Share
Net Assets	US\$0.94	US\$0.94
Orderly Realisation of Assets	N/A	N/A
Share Price History	US\$0.30	US\$0.30
Earnings based Valuation	N/A	N/A
Net Present Value of Projected Cash Flows	N/A	N/A

Having regard to the results of the applicable valuation methodologies, we have valued the SMT shares at US\$0.30 per share, which equates to a value of US\$9,000,000 for the entire SMT company.

## 10. Assessment of the Consideration

10.1 In Section 7.6 above we valued the EVM shares in a range of \$0.055 to \$0.067 per share.

10.2 In Section 8.2 we noted that there were 29,907,993 SMT shares and 47,476,000 warrants on issue. Applying the takeover offer of 3 EVM shares for each SMT share and 2 EVM shares for each SMT warrant, this equates to a total issue of 184,675,979 EVM shares for 100% of the SMT shares and warrants.

10.3 Using the \$0.055 to \$0.067 values per EVM share we have valued the 184,675,979 EVM shares offered to the SMT share and warrant holders in a range of \$10,157,179 to \$12,373,291 – say \$10,100,000 to \$12,400,000.

## 11. Assessment as to Fairness

In Section 10.3 above we value the effective price to acquire the SMT in a range of \$10,100,000 to \$12,400,000.

In Section 9.6 above we valued SMT at US\$9,000,000 and at an exchange rate of A\$1.00:US\$0.67 this equates to a value of \$13,432,836 – say \$13,400,000.

As the effective price offered for all of the SMT shares and warrants is less than the value of SMT, we consider that the Proposed Transaction is fair to the Non-Associated

Shareholders.

## 12. Control Premium

A control premium represents the difference between the price, which would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired.

As the value of SMT is greater than the consideration offered to acquire the SMT shares and warrants, no control premium is being offered in the takeover offer.

## 13. Other Significant Factors

Prior to deciding whether to approve or reject the Proposed Transaction the shareholders should consider the following significant factors:

- In Section 11 above we concluded that the Proposed Transaction is fair.
- The takeover offer has been accepted by 98% of the SMT shareholders representing 58.92% of the SMT issued shares and 100% of the warrant holders. If all warrants were exercised by EVM it could control 84.12% of SMT to have effective control of both companies and the solar tower technologies and intellectual property.
- Following the takeover EVM can raise capital and pursue the various proposals that have been received over the last 6 months for the design and construction of solar towers in California and Dubai.
- The 2 SMT shareholders who did not accept the EVM offer may endeavour to cause problems with EVM's expansion plans, however the global development licence agreement was specifically entered into by both companies to protect the majority shareholders whilst ensuring an equitable portion of the future income streams is directed to SMT.

After reviewing the above significant factors we consider that **the Proposed Transaction is reasonable to the Non-Associated Shareholders.**

## 14. Related Party Benefits

We have been advised that the following people and/or entities may be Related Parties for the purposes of Chapter 2E of the Act in respect of the Proposed Transaction as they hold the following shares and warrants in SMT:

Shareholder	SMT Shares	SMT Warrants
Roger Davey	-	1,640,000
Canterbury Mint Pty Ltd	2,927,000	10,600,000
Canterbury Mint Pty Ltd Superfund A/C	4,220,000	-
Penelope Judith Davey	200,000	-
Christopher James Davey	200,000	-
Orca Strategies Pty Ltd	1,013,667	9,500,000
Early Success Pty Ltd	-	250,000
Ian Riley	-	1,000,000
Sunshine Energy (Aust) Pty Ltd	1,316,330	-

In Section 10.3 above we valued the effective price to acquire 100% of SMT in a range of \$10,100,000 to \$12,400,000.

In Section 9.6 above we valued SMT at US\$9,000,000 and at an exchange rate of A\$1.00:US\$0.67 this equates to a value of \$13,432,836 – say \$13,400,000.

## 15. Financial Services Guide

### 15.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

### 15.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide reports for the purposes of acting for and on behalf of investors in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale investors.

### 15.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity (“Entity”). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate’s independence of the Entity commissioning the report and other parties to the transaction.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

### 15.4 General Financial Product Advice

DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own

objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

**15.5 Independence**

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the Proposed Transaction, nor any relationship with EVM, SMT or their associates.

Drafts of this report were provided to and discussed with a Director of EVM and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

**15.6 Remuneration**

DMR Corporate is entitled to receive a fee of \$25,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Except for the fees referred to above, neither DMR Corporate, nor any of its directors, employees or associated entities receive any fees or other benefits, directly or indirectly, for or in connection with the provision of any report.

**15.7 Complaints Process**

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have a system for handling complaints from persons to whom DMR Corporate provide financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

**DMR Corporate Pty Ltd**



**Derek Ryan**  
Director



**Paul Lom**  
Director

## EnviroMission Limited

## 20 Largest Shareholders as at 6 November 2008

Name	Number of Fully Paid Ordinary Shares
ANZ Nominees Limited <Cash Income A/C>	28,765,217
Sunshine Energy (Aust) Pty Ltd	10,714,286
Citicorp Nominees Pty Limited	4,189,820
Canterbury Mint Pty Ltd	2,713,273
Canterbury Mint Pty Ltd <Canterbury Mint Super Fund A/C>	2,613,406
UBS Wealth Management Australia Nominees Pty Ltd	2,536,851
Mr Charles Wells	2,501,000
Leap International Pty Ltd	2,200,333
Merrill Lynch (Australia) Nominees Pty Limited	1,706,196
Mr William Carlin & Ms Heather Robinson	1,665,403
Andelou Pty Limited	1,500,000
J Donald Porter & Company Inc	1,047,944
Mr Paul Temple <Paul Temple Revocable A/C>	1,034,341
Mr Heinz-Joachim Muller & Ms Elisabeth Maria Muller-Loth <Joli Super A/C>	1,000,000
Mr John Tentomas & Mrs Vicky Tentomas <The Joviten Fund A/C>	800,000
Australian Investment Syndicate Pty Ltd	750,000
National Nominees Limited	712,149
Mr Bradley Mark Ross	621,500
Coreless Superannuation Management Pty Ltd	558,000
Mrs Heather Blanch	541,243
	68,170,962
The percentage of the total holding of the twenty largest holders of ordinary shares was 63.11%	
<b>Source:</b> EVM Share Register - 6 November 2008	

## EnviroMission Limited

## Income Statements

	Year Ended 30/6/07 Audited \$	Year Ended 30/6/08 Audited \$
Revenue	<u>15,990</u>	<u>108,943</u>
Depreciation and amortisation expense	(524,219)	(516,829)
Corporate costs	(214,397)	(267,922)
Employment costs	(7,478)	(13,051)
Occupancy costs	(63,837)	(65,933)
Travel costs	(34,187)	(66,973)
Contracting/consultancy costs	(971,481)	(480,639)
Borrowing and finance facility costs	(28,602)	(269,472)
Other expenses from ordinary activities	(100,870)	(94,972)
Operating loss before income tax	<u>(1,929,081)</u>	<u>(1,666,848)</u>
Income tax expense	-	-
Net loss for the year	<u>(1,929,081)</u>	<u>(1,666,848)</u>
<b>Source:</b> EVM 2008 Financial Statements		

## EnviroMission Limited

## Cash Flow Statements

	Year Ended 30/6/2007 Audited \$	Year Ended 30/6/2008 Audited \$
<b>Cash Flows from Operating Activities</b>		
Interest received	318	3,871
Payments to suppliers and employees	(708,519)	(674,689)
	<hr/>	<hr/>
<b>Net Cash Provided By/(Used in) Operating Activities</b>	<u>(708,201)</u>	<u>(670,818)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of plant & equipment	(1,091)	-
Payment for property option	(14,833)	-
	<hr/>	<hr/>
<b>Net Cash Provided By/(Used in) Investing Activities</b>	<u>(15,924)</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	626,767	650,095
Proceeds from share issues	128,707	-
	<hr/>	<hr/>
<b>Net Cash Provided By/(Used In) Financing Activities</b>	<u>755,474</u>	<u>650,095</u>
<b>Net Increase/(Decrease) in Cash Held</b>	31,349	(20,723)
<b>Cash at Beginning of the Period</b>	208	31,557
	<hr/>	<hr/>
<b>Cash at End of the Period</b>	<u>31,557</u>	<u>10,834</u>
<b>Source:</b> EVM 2008 Financial Statements		

## EnviroMission Limited

## Balance Sheets

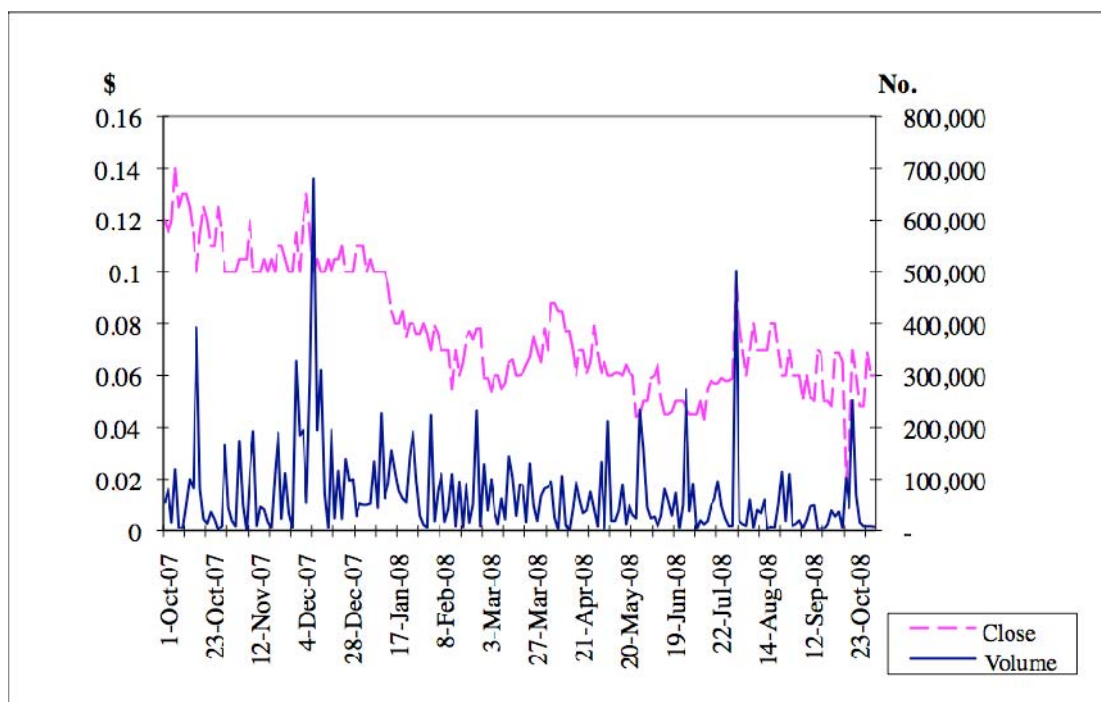
	Audited 30/6/2007 \$	Audited 30/6/2008 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	31,557	10,834
Trade and other receivables	254,620	128,972
<b>TOTAL CURRENT ASSETS</b>	<u>286,177</u>	<u>139,806</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	13,742	4,527
Other non-current assets	68,679	68,679
Intangible assets	6,641,289	6,133,675
<b>TOTAL NON CURRENT ASSETS</b>	<u>6,723,710</u>	<u>6,206,881</u>
<b>TOTAL ASSETS</b>	<u>7,009,887</u>	<u>6,346,687</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	943,847	1,066,384
Interest bearing debt	809,246	357,903
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,753,093</u>	<u>1,424,287</u>
<b>NET ASSETS</b>	<u>5,256,794</u>	<u>4,922,400</u>
<b>EQUITY</b>		
Issued capital	18,944,835	20,277,289
Accumulated losses	(13,688,041)	(15,354,889)
<b>TOTAL EQUITY</b>	<u>5,256,794</u>	<u>4,922,400</u>
<b>Source:</b> EVM 2008 Financial Statements		

## EnviroMission Limited

## Share Price and Volume History

A summary of EnviroMissions' share price and volume history from  
1 October 2007 to 6 November 2008

Month	Share Price			Volume	Value \$
	High \$	Low \$	Average \$		
<b>2007</b>					
October	0.140	0.100	0.112	1,330,612	148,962
November	0.120	0.100	0.108	1,470,496	158,301
December	0.135	0.100	0.104	2,687,917	280,664
<b>2008</b>					
January	0.110	0.075	0.090	1,732,778	155,952
February	0.080	0.055	0.069	1,252,238	86,988
March	0.075	0.054	0.063	1,017,649	63,731
April	0.088	0.060	0.074	814,191	60,254
May	0.069	0.044	0.056	871,864	48,735
June	0.064	0.045	0.048	990,303	47,908
July	0.099	0.043	0.080	860,800	68,440
August	0.080	0.060	0.068	562,300	38,335
September	0.070	0.050	0.055	199,934	10,956
October	0.072	0.020	0.055	616,414	34,036
November 1 - 6	0.060	0.060	0.060	19,000	1,140
				<u>14,426,496</u>	<u>1,204,402</u>



## SolarMission Technologies, Inc.

## Balance Sheets

	Unaudited 30/6/2006 US\$	Unaudited 30/6/2007 US\$	Unaudited 30/6/2008 US\$
<b>CURRENT ASSETS</b>			
Cash	7	18,971	216
Prepaid advance royalties	3,280,665	3,280,665	-
Private depository receivables	275,000	275,000	275,000
Interest receivable	-	-	79,747
<b>TOTAL CURRENT ASSETS</b>	<u>3,555,672</u>	<u>3,574,636</u>	<u>354,963</u>
<b>NON CURRENT ASSETS</b>			
Start up costs – consulting fees	1,257,684	1,953,467	1,953,467
Start up costs – other administrative costs	311,433	356,732	356,732
Investment in EHCL	26,035,000	26,035,000	26,035,000
Investment in EnviroMission Limited – in excess of cost	6,000,000	437,401	84,097
<b>TOTAL NON CURRENT ASSETS</b>	<u>33,604,117</u>	<u>28,782,600</u>	<u>28,429,296</u>
<b>TOTAL ASSETS</b>	<u>37,159,789</u>	<u>32,357,236</u>	<u>28,784,259</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	125,213	-	90,810
Short term notes payable	91,700	-	70,000
Accrued consulting fees	739,000	1,037,626	417,644
Other payable	11,727	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>967,640</u>	<u>1,037,626</u>	<u>578,454</u>
<b>NON CURRENT LIABILITIES</b>			
Unrealised appreciation of Territorial Rights to EVM	6,000,000	437,401	84,097
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>6,000,000</u>	<u>437,401</u>	<u>84,097</u>
<b>TOTAL LIABILITIES</b>	<u>6,967,640</u>	<u>1,475,027</u>	<u>662,551</u>
<b>NET ASSETS</b>	<u>30,192,149</u>	<u>30,882,209</u>	<u>28,121,708</u>
<b>EQUITY</b>			
Issued capital	31,019,165	31,709,225	31,709,225
Accumulated losses	(827,016)	(827,016)	(3,587,517)
<b>TOTAL EQUITY</b>	<u>30,192,149</u>	<u>30,882,209</u>	<u>28,121,708</u>
<b>Source:</b> SMT management accounts			

**Sources of Information**

- the Explanatory Memorandum which this report accompanies;
- audited financial statements of EVM for the financial years ended 30 June 2007 and 2008;
- EVM's announcements to the ASX since 1 January 2008;
- EVM's listing of top 20 shareholders as at 6 November 2008;
- EVM's share price and trade volumes for the period from 1 October 2007 to 6 November 2008 supplied by Commonwealth Securities Limited;
- EVM's takeover offer to SMT share and warrant holders dated 27 May 2008;
- EVM Stock Exchange Agreement dated 14 May 2008;
- SMT's United States Corporation Tax Returns for the 30 June 2005 and 2006 taxation years;
- Valuation of SMT Common Stock dated 5 April 2007; and
- discussions with the Company Secretary and the Chief Financial Officer of EVM.

## Declarations, Qualifications and Consents

### 1. Declarations

This report has been prepared at the request of the Directors of EnviroMission Limited pursuant to Chapter 2E of the Act and ASX Listing Rule 10.10 to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

The procedures that we performed and the enquiries that we made in the course of preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards, nor do they constitute a review in accordance with AUS 902 applicable to review engagements.

### 2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 35 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of the Institute of Chartered Accountants in Australia and a Registered Company Auditor with more than 30 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

### 3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

### **Annexure 3 Terms and Conditions of Options**

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on 1 February 2011 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).
- (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

**(Exercise Notice).**

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

**Annexure 4**  
**Terms and Conditions of Options**

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
  - (b) The Options will expire at 5:00 pm (WST) on 1 February 2011 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Option, will be double the price of the ordinary Shares issued in accordance with section 7(b)(ii) or section 7(c)(ii) (as the case may be) of the Explanatory Memorandum of the 2008 Notice of Annual General Meeting (**Exercise Price**).
  - (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
    - (iii) a written notice of exercise of Options specifying the number of Options being exercised; and
    - (iv) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
  - (h) The Options are not transferable.
  - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
  - (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
  - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
  - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

**PROXY FORM**

The Company Secretary  
 EnviroMission Limited  
 Ground Floor, 3 Raglan Street  
 SOUTH MELBOURNE VIC 3205  
 Facsimile Transmission No. +61 3 9699 7566

**Enviro  
Mission**  
 EnviroMission Limited  
 ACN 094 963 238

I/We \_\_\_\_\_  
 of \_\_\_\_\_  
 being a member/(s) of EnviroMission Limited hereby appoint \_\_\_\_\_  
 of \_\_\_\_\_  
 or failing him/or \_\_\_\_\_  
 of \_\_\_\_\_

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Madgwicks, Lawyers, Level 33, 140 William Street, Melbourne on 19 December 2008 at 11.00am (AEST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as the Chairman thinks fit.

A Shareholder is entitled to appoint up to 2 proxies. If 2 proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [ ]% of the Shareholder's votes (an additional Proxy Form will be supplied by EnviroMission on request).

**INSTRUCTIONS AS TO VOTING ON RESOLUTIONS**

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or discretion.

I/We direct my/our proxy to vote as indicated below:

	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1	Re-election of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Ratification of Prior Issue of Shares to SolarMission Technologies (less than 15% of capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Ratification of Prior Issue of Shares to SolarMission Technologies (less than 15% of capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Ratification of Prior Issue of Shares to SolarMission Technologies (less than 15% of capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Ratification of Prior Issue of Shares to SolarMission Technologies (less than 15% of capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Approval of Agreement to issue Shares and options to Charles Wells	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Ratification of prior issue of Shares to Charles Wells (less than 15% of capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Issue of Shares to David Galbally (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Issue of Shares to SolarMission Technologies shareholders and warrant holders other than related parties (exceeding 15% capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Issue of Shares to Canterbury Mint Pty. Ltd. (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Issue of Shares to Canterbury Mint Pty. Ltd. (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Issue of Shares to Christopher James Davey (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Issue of Shares to Penelope Judith Davey (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Issue of Shares to Roger Davey (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16	Issue of Shares to Early Success Pty. Ltd. (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Issue of Shares to Orca Strategies Pty. Ltd. (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Issue of Shares to Sunshine Energy (Aust) Pty Ltd (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Issue of securities to Charles Wells (exceeding 15% of capital)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Issue of securities to John S McCoy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Issue of securities to Lee Tanner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Acquisition of a substantial asset from Canterbury Mint Pty. Ltd. (related party)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies given by a natural person must be signed by each appointing Shareholder or the Shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing.

The Chairman intends to vote all undirected proxies in favour of all Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

As witness my/our hand/s this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

**If a natural person:**

SIGNED by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature (if joint holder)

\_\_\_\_\_  
Print Name in full

\_\_\_\_\_  
Print Name in full

**If a company:**

EXECUTED in accordance with section 127 )  
of the Corporations Act: )

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of Director / Secretary

\_\_\_\_\_  
Print Name in full

\_\_\_\_\_  
Name of Director / Secretary in full

**If by power of attorney:**

SIGNED for and on behalf )  
of )  
by \_\_\_\_\_ under a )  
Power of Attorney dated \_\_\_\_\_ and who )  
declares that he/she has not received any )  
revocation of such Power of Attorney in the )  
presence of: )

\_\_\_\_\_  
Signature of Attorney

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness in full

## **PROXY INSTRUCTIONS**

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or another authority) must be deposited at or sent by facsimile transmission to the registered office of the Company at Ground Floor, 3 Raglan Street, South Melbourne, Victoria, 3205, facsimile number **+61 3 9699 7566** not less than 48 hours before the time for holding the Annual General Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder or his/or attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a Shareholder of the Company.

In the case of Shares jointly held by two or more persons, all joint holders must sign the proxy form.

## **VOTING ENTITLEMENT**

For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 11.00 am on 17 December 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.