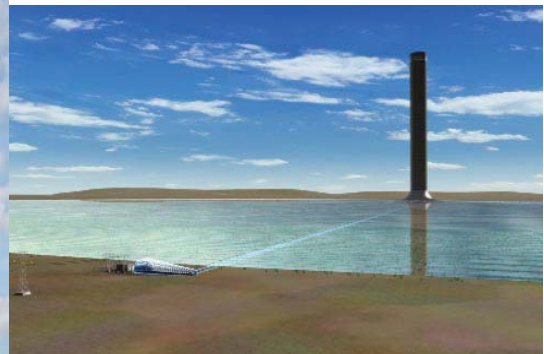
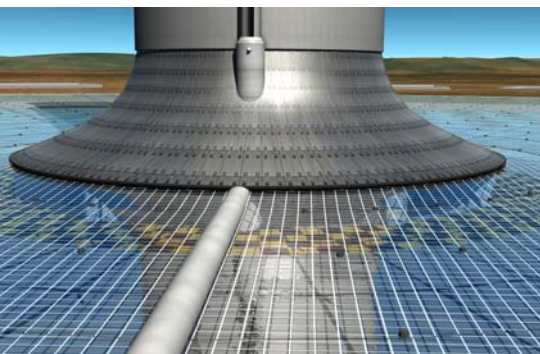




Operational Overview

July 1 - December 31 2010



2011 OPERATIONAL OVERVIEW

Operations Report

EnviroMission is pleased to report key milestones and outcomes achieved over the last half year of operations that indicate positive progress towards EnviroMission's intent to commercialize the Australian Solar Tower concept in the United States.

Solar Tower commercialisation in the United States is supported by a development team at EnviroMission (USA), Inc; EnviroMission (USA) Inc is a Phoenix based 100% owned subsidiary of EnviroMission Limited.

The Phoenix office is well located to service EnviroMission's Solar Tower development objectives in the northwest region of Arizona;

EnviroMission (USA), Inc provides time critical management interface with stakeholders in the United States for EnviroMission Limited.

Power Purchase Agreement Achieved

EnviroMission successfully secured a Power Purchase Agreement (PPA) to sell electricity from the first of two 200MW Solar Tower power stations that are planned for development in Arizona to the Southern California Public Power Authority (SCPPA), ie SCPPA will be EnviroMission's first customer.

Securing a PPA is a significant milestone for power generators – A PPA provides certainty and detail to the financial model and is a critical aspect of commerciality that informs an overall project development decision.

Executive Engineering Services Secured

EnviroMission engaged the services of Arup, an internationally renowned independent firm designers, engineers, consultants and technical specialists that offer a broad range of professional services across building design, economics and planning, infrastructure design, management and project consulting, specialist technical services. Arup has been engaged by EnviroMission to provide the executive engineering services necessary to develop the Australian Solar Tower concept in the United States.

Arup is currently working on site specific Front End Engineering and Design (FEED) for EnviroMission's first 200MW Solar Tower power station planned for development in Arizona to generate power for sale to the Southern California Public Power Authority.

Arup have completed a 'dynamic simulation' model to inform site specific design parameters. Arup is also in the process of identifying suitable contractors and suppliers to be involved with Solar Tower development.

Regulatory Process Underway

EnviroMission filed a notice of intent with the Arizona Power Plant and Transmission Line Siting Committee ('Line Siting Committee') that EnviroMission will soon file an application for a Certificate of Environmental Compatibility ("CEC") for a 400MW Solar Tower renewable energy power station development in Arizona.

The Certificate of Environmental Compatibility is a 'critical and all-encompassing' permit for power station development in the State of Arizona and is the primary first step in the power plant siting process.

Technology Valued at AUD\$60M

Solar Tower intellectual property, know-how and development rights currently owned and held by EnviroMission and its subsidiaries was independently valued by Acquity Technology Management, at AUD\$60M.

A relief from royalties approach was applied that took into account a probability adjusted net present value of likely future cash flows, based on revenue projections supported in the Power Purchase Agreement documentation with the Southern California Public Power Authority.

Consideration was also given to the prospects for further Solar Tower facilities based on an economic model that included perceived risks to successful commercial development with project financing discounted to present value using a discount rate based on Capital Asset Pricing Model.

This valuation represents an independent assessment of the value of EnviroMission's enhancements to Solar Tower technology that has resulted in new intellectual property, know how and commercial prospects, for example the recent Power Purchase Agreement to sell Solar Tower electricity to the Southern California Public Power Authority.

Summary

The Solar Tower development agenda has moved rapidly from strategy to delivery over the last half year of operations in the United States.

This is a major achievement given few large-scale solar technologies progress through to development regardless of the positive sentiment expressed globally for solar energy.

A hidden barrier to the development of many large-scale solar technologies that also tend to be high water users is a general lack of availability of water in regions with the greatest solar radiation gain.

Solar Tower technology is highly differentiated from all solar power station technologies because Solar Tower technology does not use water in the electricity generation method - EnviroMission has two land applications for power station development in Arizona's hot dry northwest.

The decision to develop Solar Tower technology in Arizona was further justified over the last half based on recent rule changes for power generators that were adopted by the Arizona Corporation Commission (ACC) and approved by the Arizona Attorney General (October, 2010).

All power station applications in Arizona are now required to provide an Integrated Resources Plan (IRP) for an open and comprehensive resource planning process in Arizona.

Under the rules, power station development applications will now be required to quantify all environmental costs associated with power generation including all fuels and resources including water; water has not always been taken into account in the power station approval process.

Less than one percent of Arizona's electricity is currently generated from solar power despite Arizona having superior solar radiation gain.

Arizona's new rules are expected to favourably benefit EnviroMission's Solar Tower 'pipeline development' plans in Arizona based on the standout environmental benefits of EnviroMission's clean waterless solar powered electricity technology.

Strong support for EnviroMission's Solar Tower development plans in Arizona was expressed to EnviroMission's Chief Executive, Roger Davey, at development briefings attended in Arizona in December.

EnviroMission's development progress in Arizona was also highlighted in a positive, industry brief published in the US by Raymond James.

Raymond James is a leading US listed investment Bank, with extensive domestic and international investment banking and institutional sales and financial advice.

Raymond James referenced EnviroMission's 'flurry of progress in the US' and named Solar Tower technology as the 'third hybrid large-scale solar generation category'.

The rapid 'march to market' demonstrated in outcomes achieved over the last half represents two years of development focus in the United States that also benefited from the body of work undertaken for the Australia market.

Ends

[ASX: EVM](#)
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