Waterville Investment Research
Small Cap Research & Information

EnviroMission Limited

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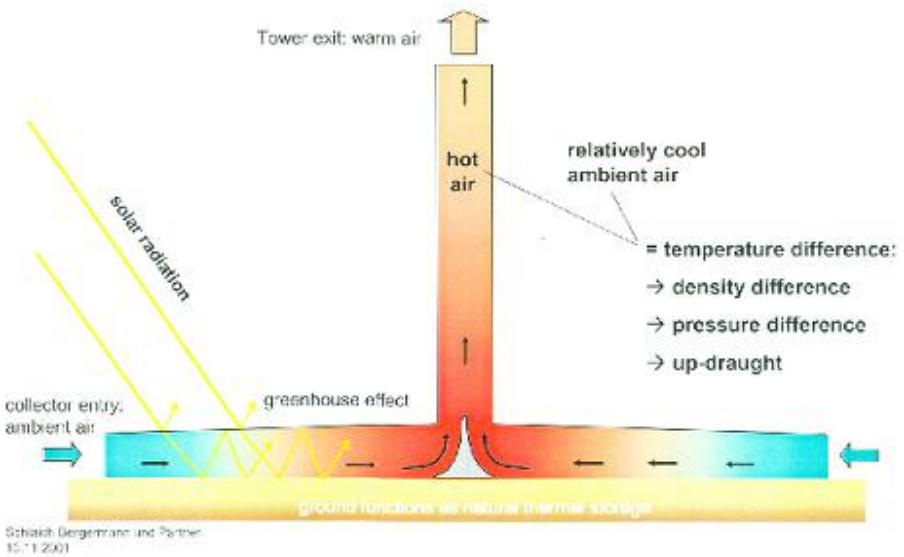
US – ADR's Pink Sheets: EVOMY
Australian Stock Exchange "ASX": EVM

EnviroMission is a renewable energy developer with proprietary rights to Solar Tower technology. Solar Tower technology is a large-scale renewable energy technology with the potential to provide the benefits of renewable energy with the firm, reliable operating characteristics of conventional fossil-fueled plants at competitively lower cost levels. The Solar Tower capitalizes on the simple principle that *hot air rises.* Solar Tower power station technology has four basic components:

1. A solar collector that captures and heats ambient air under the collector,
2. A solar tower that accelerates and channels the strong updrafted wind,
3. Turbine generators that produce electricity from the moving wind, and
4. Heat storage and distribution facilities that maintain/enhance the heated wind for plant operation at any time of day throughout the year.



The Solar Tower Technology combines the principles of concentrating solar power and wind power.

Air beneath a low circular translucent roof (collector) open at the periphery is heated by solar radiation intensified by the collector. The air heated by the collector and the ground under the collector naturally rises to the highest point – the base of the tower located at the center of the collector. Turbines are positioned at the base of the tower and the movement of the heated air through the turbines drives the generation of electricity. The movement of air together with the updraft effect of the tall tower creates a constant energy source that intensifies as solar radiation increases over the period of the day. A Solar Tower operates in cloudy or sunny periods, day and night and has very low maintenance costs as it has so few moving parts.

"Proof-of-technology" demonstration facility in Manzanares, Spain.

EnviroMission has teamed with Baulderstone Hornibrook and Macquarie Bank to assist in the completion of the Australian LETDF Grant application process, design finalization, construction and commercialisation of the Solar Tower concept. The technical validation of the enhancing technologies has been completed by independent consultants, commissioned by EnviroMission. Financial modelling is to be verified by Macquarie Bank, and Baulderstone will undertake the full engineering development of the project and then move to construction, operation and full commercial use. The Solar Tower project will be a Renewable Energy Icon, placing EnviroMission at the forefront of world renewable energy technology and zero-carbon generation.

Market Information for EnviroMission Limited as of May 2, 2006			
Industry	Energy	**Shares Outstanding**	85.1 MM*
Stock Price - EVOMY	$2.33	**ASX Stock Price**	$0.15
Range - 52 Weeks	$2.33 – 5.40	**ASX Range – 52 Weeks**	$0.12-0.23
CUSIP	29404F107	**Depository**	Bank of New York

* ADRs = 9,676,718 shares; 483,836 ADR's Ratio 20:1

Investing In EnviroMission American Depositary Receipts (ADR)

Depositary Receipts are negotiable certificates issued by a U.S. commercial bank, referred to as the "depositary". Depositary Receipts represent shares of a non-U.S. company that are deposited with the depositary's overseas custodian. Depositary Receipts are registered with the U.S. Securities and Exchange Commission and trade the same as any other U.S. security in the over-the-counter market or on a national exchange. Depositary Receipt investors enjoy rights comparable to those holding the underlying securities, plus the benefits and convenience of trading in the U.S. securities markets.

Investors purchase and sell Depositary Receipts through their U.S. brokers in exactly the same way as they purchase or sell securities of U.S. companies. Many regional NASD broker/dealers, and virtually all New York broker/dealers, make markets in and know how to create Depositary Receipts.

Currently, there are over 1,600 Depositary Receipt programs for companies from over 60 countries. Companies have found that the establishment of a Depositary Receipt program offers numerous advantages. The primary reasons why a company would establish a Depositary Receipt program can be divided into two broad considerations: capital and commercial. Among those considerations:

- To enlarge the market for its shares through a broadened and more diversified exposure which may increase or stabilize the share price.
- To enhance the image of the company's products, services or financial instruments in a marketplace outside its home country.
- To provide a mechanism for raising capital or as a vehicle for an acquisition.

The Bank of New York is the leading depositary bank, managing more sponsored Depositary Receipt programs than all other depositary banks combined. They act as depositary for some of the largest and most highly respected companies in the world, including those issuing the majority of the most actively traded Depositary Receipts. Their leadership in the Depositary Receipt industry is exemplified by their appointment

as depositary bank for an average 66% of all new public sponsored Depositary Receipt appointments over the last ten years.

For any further information on ADRs and how they trade, contact:

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ASX Stock Chart for EVM as of 4/26/06

EnviroMission's Technology

Efficiencies allow 50 MW to 200 MW Solar Towers

The original technology is based on the concept developed by renowned German structural engineer Professor Jörg Schlaich, founder and principal of leading structural

engineers, Schlaich Bergermann and Partners. Originally, EnviroMission was looking at building a 200 MW Solar Tower. The company is still focused on larger facilities, but developed the 50 MW facilities for demonstration purposes consistent with the LETDF Grant application, which focuses on providing capital allowing the commercialization of low emission technologies through the demonstration of particular technologies.

The utilization of the two proven enhancing technologies has allowed smaller units to become economically viable. The integration of the two enhancing technologies allows the 'system' to be patent protected. The two enhancements focus on:

1. The efficiency of the collector zone, which is substantially increased by replacing a portion of the collector with a vastly improved system;
2. More energy will be collected and stored via a heat storage facility which will provide base load capability for energy generation, in-turn providing the Solar Tower the ability to meet both shoulder and peak demand. Power can be generated by the facility 24 hours, 365 days per year, if required.

The enhancements allow units to be constructed with a smaller footprint, regardless of their nameplate capacity, and operate with a much greater efficiency or capacity factor (the average amount of time power is produced at maximum output not the amount of time the plant operates). In essence the new technology developments, created by EnviroMission and protected as intellectual property, allow the Company to get 'more from less' out of the Solar Tower.

The enhancing technologies also allow greater flexibility for power output to closely match power demand; an incredible advantage when signing power purchase agreements in Australia and abroad. A major constraint of most renewable technologies is that their power output cannot be guaranteed;

- the Solar Tower can guarantee delivery allowing the utility to manage their load profile, a luxury they have not enjoyed until the Solar Tower; and
- allows the grid to operate with firm capacity as space on the grid does not need to be reserved for power that may be generated; it is only reserved for power that will be generated.

Market analysis undertaken by EnviroMission and its partners indicates the newly developed smaller units will allow EnviroMission to target an even greater market. A number of regions do not allow large 200 MW units to operate due to the constraints on the transmission infrastructure, but will be able to facilitate smaller 50 MW plants distributed at the perimeter of the grid network. This market is one that until now could not be accessed which obviously greater increases EnviroMission's competitive advantage and revenue generation potential.

The extreme engineering of the original concept at 1000m has required robust independent validation to ensure technology and construction viability.

The re-engineered Solar Tower concept will be launched in Australia with development of a 50MW demonstration power station on the Sunraysia site in Buronga, New South Wales. EnviroMission's program of continuous improvement during project feasibility identified two proven enhancements, which if successfully adapted to the Solar Tower concept, will introduce previously unattainable commercial benefits from both large and small scale Solar Towers.

The introduction of economic and flexible scalability will allow Solar Towers to be tailored to specific sites and market needs where strong support is indicated for scalable, distributed, grid connected green power generation. One could create a strong argument where flexibility with respect to scale is directly correlated to take-up opportunities.

EnviroMission's Intellectual Property will add value and opportunity through development and export potential, establishing the concept as an Australian innovation in renewable energy that will target its competitiveness with coal and gas and differentiate it as clearly superior when compared to other renewable generators in a low emissions energy policy environment.

The development of a re-engineered 50MW demonstration power station will provide an opportunity to further manage construction risk and keep it within the realm of tested engineering methodologies and parameters; an obvious move towards development certainty.

EnviroMission’s first Solar Tower is earmarked for Buronga in the Wentworth Shire of New South Wales, Australia. The project has six distinct phases:

1. Project optimization (completed)
2. Pre-Feasibility Commercialization (completed)
3. Final Feasibility (underway)
4. Final Design and Construction
5. Construction
6. Commercial Operation

EnviroMission has demonstrated solid original investor support since it listed in 2001 and has continued to develop and reengineer the concept for strengthened commercialization prospects.

Australia was strategically chosen for development of the first large-scale Solar Tower power station although there was the knowledge of the highly regulated labor market and the lowest energy prices in the West due to the strong management team assembled and the support provided by a Mandated Renewable Energy Target (MRET) that is backed by growing social and political will for renewable energy development.

In itself, the Australian experience shows market evaluation is based on a highly dynamic environment. This is best demonstrated by the current efforts to reform Industrial Relations legislation and the government policy that has shifted the emphasis from renewable energy as a clean green alternative to coal or gas to a stance that focuses on a low emissions

environment. This shift in the goal posts has been a contributing factor in EnviroMission's drive to reengineer the Solar Tower concept so that it can compete on a level playing field with coal and gas.

EnviroMission's Air Heater and Solar Ponds Technology

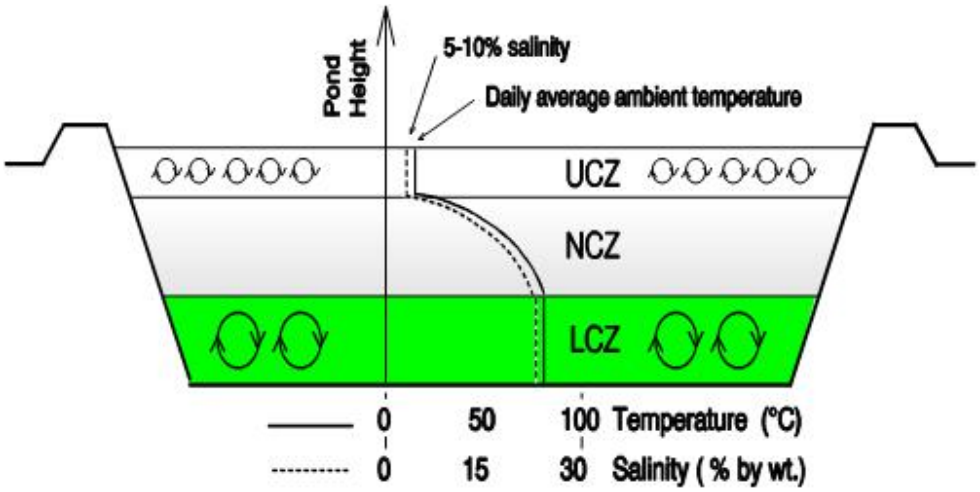
The sun's radiation will be collected and trapped under the transparent canopy, creating a massive force of air heated to around 35°C greater than the ambient temperature. The laws of physics will ensure the warm air rises and flows toward the centre of the collector where the large tower is positioned. The powerful updraft as a result of the differential in temperature (top of the tower to base of the tower) will force the rising air to pass through large turbines positioned at the base of the Tower. The movement of the hot wind through the turbines will turn a generator creating clean, emission free electricity – for every MW of installed capacity enough electricity will be supplied for more than 1,000 typical Australian homes.

EnviroMission's Air Heaters are different from other direct gain mechanisms as Solar energy is captured by two mediums:

1. Glass Plate; and
2. Metal Plate

This configuration greatly reduces heat loss through reflectance, radiation and convection resulting in greater efficiency and durability. The Air heater technology was developed at the University of Melbourne but the intellectual property and rights to commercialize the technology are owned by EnviroMission.

With EnviroMission's Solar Ponds, Solar radiation is captured by a pond and stored in the bottom level of the pond where the heated liquid can be continuously extracted at 35oC to 50oC above ambient temperature. Heat can be delivered to the collector zone, the region beneath the collector, via a heat exchanger which in turn further heats the air within the collector zone providing a greater differential in temperature and enhancing the ability to maintain wind velocity sufficient to generate high load factor power throughout the year. The ponds can be utilized 24/7 if required to drive the Solar Tower and produce a much greater efficiency. The intellectual property involved in the integration of the Solar Ponds into the Solar Tower and any associated improvements are owned by EnviroMission.



EnviroMission's Solar Ponds

In order to arrive at a thorough understanding of the physical relationships of all the variables, a thermodynamic simulation program was developed using the original model created by Schlaich Bergermann and Partners (SBP) as a foundation that first measured the individual components – the tower, the collector, the air heaters, the solar ponds and heat exchangers - and then integrated them providing a model describing the individual components, their performance, and their dynamic interaction. This program has since been independently verified on the basis of experimental measurement results. It is now a development tool that takes all known variables into account allowing the exact integration of all components to be measured which in turn provides the dimensions needed to reach a desired capacity and output for a particular location.

Performance and Financial Projections

Competitive Operating Performance

EnviroMission recently commissioned an in-depth Commercialization Study for the Solar Tower Project which was conducted by recognized independent energy consultants in the US. The study provided a detailed comparison between the Solar Tower technology and other sources of power production and formed an integral part of the LETDF Grant application prepared by EnviroMission. The study analyzed a range of renewable resource technologies currently being pursued in the United States to assess the ability of the Solar Tower Project to compete favorably on a cost of power and operating performance criteria basis with such technologies. In most instances, the competing renewable technologies were producing or expected to produce power at costs well in excess of the projected base case cost of power from the Solar Tower Project and were unable to generate power at the high capacity factors and reliability levels anticipated to be achieved by the Solar Tower Project.

The Solar Tower Project is expected to produce power at very low annual operating and maintenance expense. Eliminated from Solar Tower Project annual plant operating costs are fuel supply, fuel transportation, handling and labor, fuel price risk, environmental pollution and liability risk. The Solar Tower Project is being configured also to minimize maintenance costs. The wind turbines, the highest maintenance component of the Solar Tower Project, are to be designed as encased pressure-staged turbines, more comparable to hydroelectric turbine generators than typical conventional wind turbines, and are expected to exhibit lower annual maintenance costs and a much longer operating lifecycle compared to other types of turbine generators.

The Solar Tower Projects, like hydroelectric facilities, are being planned for a long useful life, in excess of 75 years. Major project components such as the solar tower, solar collector, and solar ponds, where applicable, are primarily structural in nature, have few moving parts and are not subject to excessive stress or cycling loads. The relatively higher costs of construction therefore are capable of being amortized over a substantially longer period of time resulting in lower unit fixed costs than those associated with wind and solar technologies as well as gas-fired and most coal-fired generating plants.

The following table sets forth a comparison of several key features for comparable renewable and fossil-fueled power generating resources and the Solar Tower Project:

	Solar Tower	**Wind Turbine**	**Solar Collector**	**Gas Turbine**	**Coal Plant**
Operating Cost	Very Low	Low	Low	Very High	Moderate
Capital Cost	Very High	Low	Very High	Low	Very High
Fuel Cost	None	None	None	Very High	Moderate
Fuel Supply Risk	None	None	None	Very High	Moderate
Capacity Factor	Very High	Very Low	Very Low	Moderate	Very High
Reliability	High	Low	Moderate	High	Very High
Dispatchability	Moderate/High	Low	Low	Very High	Very High
Ancillary Services	Moderate	None	Low	Moderate	Very High
Emissions	None	None	Low	Moderate	Very High
Life Cycle	Very Long	Short	Moderate	Short	Moderate

Renewable Resource Financial Incentives

The Solar Tower Project is expected to qualify for several United States Federal and state financial incentives such as the Production Tax Credit ("PTC"), and to meet the requirements for designation as a qualifying facility under state-mandated Renewable Portfolio Standards. The current PTC legislation, embodied in the Energy Policy Act of 2005 (H.R. 6), signed into law on August 8, 2005, extended the provisions of the PTC until December 31, 2007. The PTC legislation provides a tax credit of US1.9 cents per kilowatt hour for the first 10 years of operation to new wind plants, dedicated biomass plants burning closed-loop fuel or poultry litter, and certain approved fossil fuel plants co-firing with closed-loop renewable fuels. A credit of US1.9 cents per kilowatt hour is provided for the first 5 years of operation to new geothermal and solar plants, and a credit of US0.9 cent per kilowatt hour is provided for the first 5 years of operation to new dedicated biomass plants burning a wide variety of "open-loop" fuels, such as urban wood wastes, landscaping wastes, agricultural residues, and forestry residues.

In addition to the PTC and other direct financial incentives and subsidies, the Solar Tower Project (and certain other renewable resource technologies) can take advantage of developing markets for the trading of Renewable Energy Certificates and other forms of environmental benefit transfers, particularly in the desert southwest region of the US targeted for introduction of the Solar Tower Projects.

The PTC and other financial incentives are very important for the overall economic return to investors providing financing for renewable resource technologies, including the Solar Tower Project. For most renewable resource projects, the PTC and other incentives are necessary for the financial feasibility of a given project. In several instances, including expected base case construction cost and operating performance projections, the PTC was helpful for project cash flows, although not critical for demonstrating attainment of commercial viability.

Projected Financial Results

With the help of an EnviroMission consultant, the Company has developed a financing framework tailored to the specific funding requirements of the Solar Tower Project and conducted a series of sensitivity analyses for several Solar Tower Project configurations sized at 50 MW, 100 MW and 200 MW based on certain project output, operating cost, power purchase price, capital cost and operating performance assumptions. Investigations were intended to identify the key variables affecting the commercial application of the Solar Tower Project technology and determine under a range of operating and construction cost conditions whether the indicated minimum price for power under these scenarios was competitive with existing and projected power costs for other renewable and conventional power generation facilities specifically in the desert southwest region of the United States.

Will Power from EnviroMission Be Competitive?

It is expected the selling price will be more than competitive with all renewables and will also be an attractive alternative when compared to more traditional power sources. That said, the selling price of Solar Tower renewable energy will be negotiated prior to building their generators via power purchase agreements (PPAs). The PPAs will factor in base and peak pricing, the dispatchable nature (producing power when needed and on demand) of the Solar Tower, and the green nature of the power being generated. An additional renewable energy credit may also be factored into the PPA but can also be stripped off and sold separately. Further value is expected to be added to the Solar Tower's revenue stream through the emerging synthetic carbon trading instrument, where an additional price is paid for each KWh generated that in essence represents a carbon abatement value - this form of trading will off-set carbon producing activity of companies needing to balance their carbon ledgers.

EnviroMission's inspirational program to adapt innovative Solar Tower technology to Australian conditions and construct the world's first large-scale Solar Tower power station is set to deliver a renewable energy solution that will also be a destination and engineering icon. The energy output for the 50 MW demonstration unit will represent an annual saving of more than 490,000 tonnes of greenhouse CO2 gases from entering the environment, as compared with Brown Coal carbon dioxide emissions..

The financial analyses performed indicate that under most conditions the Solar Tower Project is able to generate power at cost levels at least equal to those of other renewable resource facilities, primarily wind power, and in certain instances for larger sized Solar Tower Project configurations where construction and operation economies scale are more pronounced, equal to or lower than current conventional gas-fired and some coal-fired plants.

Comparative Power Costs

Also examined is the ability of the Solar Tower Project to compete with power costs projected for the desert southwest United States over the next few years. The diversity of nearby power resources has enabled the Palo Verde hub to develop as an important delivery and transaction location for the wholesale power markets serving generating resources and demand centers throughout the desert southwest and southern California, and can access markets in the Pacific Northwest and northern Rocky Mountain areas. One of the principal power transfer paths in the western US is from the coal, nuclear, and gas-fired generators of the desert southwest to the high load and population centers of southern California. The Palo Verde Exchange provides a financially settled futures contract based on the average peak day price for the electricity market hub at Palo Verde reflected in the Dow Jones Palo Verde electricity index. The contract trades on the NYMEX exchange.

The prices reflected in the chart below were sourced from Megawatt Daily on March 13, 2006 and do not include transmission costs, but provide an objective basis for evaluating the comparative prices at which power can be output from the Solar Tower Projects.

Palo Verde Power Price Forecast (1)
On-Peak Prices (US$ per MWh)

Period	Price
2006 Apr	$ 47.00
May	$ 49.50
Q2	$ 50.10
Q3	$ 67.00
Q4	$ 64.00
2007 Q1	$ 74.75
Q2	$ 65.00
Q3	$ 80.25
Q4	$ 68.75
2008 Q1	$ 73.75
Q2	$ 63.50
Q3	$ 76.75
Q4	$ 64.50
Year 2007	$ 72.00
Year 2008	$ 69.65
Year 2009	$ 66.25
Year 2010	$ 64.00

(1) Peak period 6X16 pricing

Palo Verde Power Price Forecast (1)
Off-Peak Prices (US$ per MWh)

Period	Price
2006 Apr	$ 43.87
May	$ 46.20
Q2	$ 46.76
Q3	$ 62.53
Q4	$ 59.73
2007 Q1	$ 69.77
Q2	$ 60.67
Q3	$ 74.90
Q4	$ 64.17
2008 Q1	$ 68.83
Q2	$ 59.27
Q3	$ 71.63
Q4	$ 60.20
Year 2007	$ 67.20
Year 2008	$ 65.01
Year 2009	$ 61.83
Year 2010	$ 59.73

(1) Derived Off-Peak pricing

Partnerships and Government Support

Baulderstone Hornibrook and Macquarie Bank

EnviroMission has entered a new era of strategic partnering for Solar Tower commercialization. Baulderstone Hornibrook is one of the largest integrated engineering, building and service providers in Australia, with diverse operations across building, civil engineering, services and capital solutions. Baulderstone's collaboration will provide project design and costing to support the project's business case for financial modeling to be completed by EnviroMission in conjunction with Macquarie Bank Limited, one of the most prominent and highly regarded banks in Australasia, in preparation for EnviroMission's LETDF application and will ultimately be the avenue utilized for construction in the first instance.

EnviroMission is a registered applicant of the Federal Government's LETDF scheme and has chosen to collaborate with external experts that are leaders in project construction,

development and management, and financial services in order to ensure a successful commercial outcome. EnviroMission's collaboration with Baulderstone Hornibrook and Macquarie Bank represents a new era in Solar Tower development that combines an energized attitude and commitment to deliver construction and financial solutions for market responsiveness and shareholder benefit. This collaboration will form the basis for the ongoing roll-out of the Solar Tower throughout Australia and abroad.

Government Support

Australia is a superior location for a Solar Tower power station development. Australia boasts vast areas of high solar radiation levels, geological stability and low land costs with many suitable terrains to successfully operate a Solar Tower power station. A range of suitable sites have been identified within close proximity to Australia's national electricity grid allowing for commercially viable transmission of a Solar Tower's clean green power. EnviroMission has already exercised its option to purchase its preferred site for the world's first Solar Tower power station at Buronga, in the Wentworth Shire of New South Wales. In fact, the land purchased is large enough to site multiple units and provides access to a major transmission system substation only a few miles away to transport the generated power to market.

EnviroMission has been assigned Major Project Facilitation (MPF) status from the Australian Federal government. Major Project Facilitation status recognises the scale, investment and national significance of major development proposals following robust checks and balances to test the financial, managerial and technological merit. Assignment of MPF ensures streamlined facilitation across relevant ministerial portfolios to remove bureaucratic barriers to development.

State Significant Development status awarded by the NSW State Government – this status was extended in 2005 and renamed Major Project Status to provide a mechanism for streamlined planning for large-scale development proposals in NSW.

EnviroMission successfully met the terms for applicants to the Australian Federal Government's Low Emission Technology Development Fund (LETDF) announced in the Energy White Paper. The Energy White Paper outlined the Federal Government's future energy priorities, including those for renewable energy development; primarily within a broader low emissions policy framework.

Successful applicants of the LETDF will be eligible for 1:2 dollar funding of project capital cost to demonstrate low emission technology using new intellectual property with the potential to deliver commercial large-scale energy generation and emission abatement set out in the program's 2030 targets.

EnviroMission's application is based on the development of a 50 MW Solar Tower power station that will integrate new enhancing technologies developed in Australia and owned by EnviroMission. Under the broader proof of concept objective, development of the reengineered Solar Tower concept meets LETDF project and technology merit indicators -

reinforcing EnviroMission's strategy to demonstrate the scale, capacity and abatement levels associated with the application of the enhancing technologies. EnviroMission lodged its application in line with the 31 March, 2006 LETDF application deadline and joins a list of 30 potential applicants awaiting the formal assessment process ahead of an announcement early in the new financial year. All development priorities in Australia were prioritized to ensure the most competitive application was lodged.

History of the Solar Tower

Solar Tower technology has been tested and proven with a successful small-scale pilot plant constructed in Manzanares, Spain. The pilot project was the result of collaboration between the Spanish Government and the German designers, Schlaich Bergermann. The plant operated between 1982 and 1989 consistently generating green energy while operating at its 50kW capacity. The pilot plant conclusively proved the concept works and provided data for design modifications to achieve greater commercial and economic benefits associated with an increased project scale.

The experimental plant ran for about 15,000 hours from 1982 -1989. The following tests were completed during the course of the project:

- Different collector materials were tested for structural suitability, durability and influence on output;
- The behavior of the plant as a whole was measured second by second (ground temperature, air temperature, speed and humidity, translucency of the collector, turbine data, meteorological data etc.);
- The ground's storage capacity was tested in terms of collector temperature and soil humidity. In order to investigate heat absorption and heat storage the region beneath the collector was first tested in its natural state, then sprayed with black asphalt and finally covered with black plastic piping filled with a heat absorbent fluid;
- Various turbine regulation strategies were developed and tested;
- Maintenance and running costs for individual components were investigated;

The thermodynamic plant simulation program-which by this time had been fully developed-was verified with the aid of the experimental results accompanying the wind tunnel experiments. Using the plant simulation program, it was then possible to make reliable calculations of daily and annual energy production using specific site conditions, local meteorological data and solar tower plant sizes.

For more than 100 years it has always been cheap and simple to dig up and burn coal to produce electricity. However, enormous shifts in community and political values across the world and growing concern about the security of supply, energy independence, the environment, global warming and pollution over the last 20 years has led to a demand for methods to generate reliable, renewable, clean green energy. An increased global concern about our over-reliance on coal and its negative impact on our environment and our dependence on foreign fuel sources is driving political changes.

There are now legislated markets for clean, green renewable energy. This development has opened the way for investment in new approaches to green energy generation. New materials and construction methods have been developed in line with a more focused emphasis on renewable energy generation that now allows the Solar Tower to be applied in an economically viable way regardless of government subsidies.

Schlaich Bergermann and Partners (SBP), leading German structural engineers, spent many years developing the principle of the Solar Tower that they later proved and tested when they built a 50 kW prototype. Detailed theoretical preliminary research and a wide range of wind tunnel experiments led to the establishment of an experimental plant in 1981/82 with a peak output of 50 kW on a site provided by the Spanish utility Union Electrica Fenosa in Manzanares (about 150 km south of Madrid). The German Ministry of Research and Technology (BMFT) funded the project.

Schlaich Bergermann and Partners (SBP) (www.sbp.de) are renowned for designing and engineering a range of structures, including major buildings, large span bridges, solar dish and parabolic trough technologies, stadiums and previously unimagined styles of roofs. Their groundbreaking designs maintain a balance between aesthetics and function and have become an international benchmark for structural design standards. Schlaich Bergermann and Partner will collaborate on the Australian project in an equity for fee arrangement with its newly formed subsidiary Schlaich Bergermann Solar to provide the engineering input for scale up of the technology to Australian conditions and requirements. Engineering support from Schlaich Bergermann Solar will also provide hands on support at necessary intervals to contribute to the design adaptation process.

The many significant structures that this company boasts, such as the roof of the Munich Olympic Stadium and the Tin Kau Bridge in Hong Kong, are testament to the architectural capabilities of this impressive company. Other expected project participants such as GE, PPG, Asahi Glass, etc., have provided design, engineering and support.

EnviroMission's Solar Tower is proposed to generate electricity 24-hours a day. The power station will be at its most efficient on the hottest days when energy is most needed and peak prices are paid for electricity. The utilization of solar ponds will provide the collector zone with a supplemental heat source during the night to maintain optimum power production. This special feature enhances the commercial viability of the power station and gives EnviroMission a consistent competitive advantage over other forms of renewable energy generation.

EnviroMission has more than a strategically positioned intent; it owns a revolutionary technology for large-scale renewable energy production. Currently in excess of US$45 million has already been invested to prove the feasibility of Solar Towers via research and development; prototype development; and, feasibility studies for commercial plant construction.

Green Energy Market

An important differentiation of a Solar Tower power station from other conventional power stations can be highlighted by their proposed excellent zero emissions performance. The Solar Tower abates over 99% of Brown Coal CO2 emissions for each and every kWh of Solar Tower power produced. On the basis of a proposed 50 MW solar tower plant, the atmosphere is spared 490,000 tonnes of CO2 per year. EnviroMission's aspiration is to roll out approximately 40 Solar Towers with a combined 6650 MW of installed capacity by 2030. This would deliver innovative, precision engineered, solar powered generation with commercial, intergenerational and environmental benefit. The net result in abatements as a result of this commercialization plan is in the range of 47 mega tonnes of CO2 per year.

Over the past 10 years, control of greenhouse gas emissions has become an issue of major international concern because escalating levels of CO2 are now proven to be a direct cause of global warming. Worldwide environmental performance of energy industries, particularly the electricity sector, has been subject to close examination as they are the major contributors to the production of CO2 greenhouse gases. In 1997, Australia's Federal government mandated through legislation that 9500GWh of Australia's electricity supply must come from clean, green renewable sources by 2010.

The government's commitment to green energy generation is part of a national strategy to meet 1996 Kyoto obligations to reduce CO2 emissions. Most of Australia's electricity needs are met today by black and brown coal fired power stations, which account for more than 35% of the nation's greenhouse gas emissions. Less than 10% of all electricity generated in Australia is generated from alternative, renewable, clean energy sources.

Demand for green energy in Australia is set to increase greatly over the next 10 years. Energy industry predictions of a shortfall in renewable energy after 2007 represent a market opportunity for clean green energy generators, and this translates into a commercial advantage. There will not only be a renewable energy shortfall in the years to come; by 2015 it is forecast by National Electricity Market Management Company (NEMMCO) and Western Power that there will be at least a 9000MW shortfall of installed capacity. There is a significant social and political push for an increasing percentage of this shortfall to be met by renewables. EnviroMission is excellently poised to capitalize on this with the Solar Tower being capable of meeting the requirements of the base load power shortage.

A 200MW EnviroMission Solar Tower with integrated enhancements will abate more than 1,900,000 tonnes of carbon dioxide on average from entering the environment annually, as compared with Brown Coal carbon dioxide emissions. EnviroMission's technology will;

1. Help the nation meet its Kyoto obligations,
2. Provide a bonus to the environment, and

3. Will be a major producer of scaleable renewable energy with flow on benefits to the community and EnviroMission investors.

Management

Roger Chalmers Davey - Executive Chairman. Mr. Davey is a Director and Chief Executive Officer of the Company. Mr. Davey has extensive working knowledge of, and experience in, commodity and financial risk management. Mr. Davey holds qualifications of Bachelor of Business (Economics/Accounting), Member of Certified Practicing Accountants, Member of Securities Institute of Australia and Member of the Finance and Treasury Association Limited. He was a director of Australia's largest stock broking firms, Mcintosh Securities Ltd (now Merrill Lynch) and responsible for the creation and development of financial futures operations as managing director of Mcintosh Securities Ltd. He was a Director of the Sydney Futures Exchange Ltd and Bain Refco Commodities Limited, a large Brokerage House owned by Refco Inc, of the USA and Deutsche Bank AG. Mr. Davey was responsible for the creation and development of the futures clearing services offered by Deutsche Bank Australia. He has also been a director and Chief Financial Officer of companies listed in Australia, USA and Canada, one with a triple listing on the Vancouver Stock Exchange, NASDAQ and ASX.

Martin Hallowell Thomas - Non-Executive Director

Mr. Thomas was the founding Chairman of the Company and continues to provide good counsel to the company as a non-executive director. As a former Principal of Sinclair Knight Merz, Mr. Thomas has over 30 years experience as a consulting engineer in the power and energy sector. He was the founding Managing Director of the Australian Co-operative Research Centre for Renewable Energy and Greenhouse Gas Abatement Technologies. He was Chairman of the Electricity Council of New South Wales for six years. Mr. Thomas has been responsible for numerous power generation and energy management projects in Australia and overseas. Mr. Thomas has played a leading role in many engineering and energy organizations. He is the immediate past President of the Australian Institute of Energy, a past President of The Institution of Engineers Australia, a past Vice-President of the Australian Academy of Technological Sciences and Engineering and past Chairman of the National Engineering Registration Board. Previous Board appointments include Deputy Chairman of Australian Inland Energy and Water and Non Executive Director of the Tyree Group of Companies.

David Norman Galbally - Non-Executive Director

Mr. Galbally is a Director of the Company. He has extensive experience in the areas of criminal law and white collar crime, corporate law, and media and sports law. David adds a depth of experience in corporate governance and due diligence processes to the board of EnviroMission. Mr. Galbally is an accredited mediator and also has wide ranging experience in environmental and Occupational Health & Safety matters. Mr. Galbally was a partner in the legal firm Galbally & O'Bryan from 1977 to 1983, appointed as Queen's Council in 1996 and a partner in the firm Browne & Co from 2000 to the present. Service to

the community is highlighted by Mr. Galbally's board appointments that include patron of Mental Health Council of Australia and the Epilepsy Foundation and honorary chair of the board of the Royal Children's Hospital for Hormone Research.

Geoffrey Max Parkinson - Non-Executive Director

Mr. Geoffrey Parkinson has 30 years experience in the banking and finance sector in key executive director and management roles. He has contributed extensively to the development of the sector through his widely adopted training and development programs. Mr. Parkinson is founder and director of West Australian based Mortgage Originator entity FinanceCorp North Pty Ltd.

Guoxiang Ma - Non-Executive Director

Mr. Guoxiang Ma is the founding Chairman of Shanghai Xiang Jiang Industrial Co. Ltd., since 1994. Shanghai Jiang has been involved in property development and the building sector since inception. Mr. Ma is also Chairman of Sunshine Energy (Aust.) Pty. Ltd., an investor in EnviroMission, which will form an important link in the development of Solar Tower power stations in China.

Investment Prospects

Commercial scale development of renewable energy projects is gaining enormous traction in the United States as record high oil and gas prices -- and most importantly the expectation that these prices will remain high for the foreseeable future – fuel the development of more stable, if not lower cost, alternative energy technologies. In contrast to the short-term run-up in oil prices caused by the Arab oil embargo in the early 1970s, many prospective utility sector investors believe that real oil and gas prices will continue to escalate at rates far in excess of inflation. In fact, while oil prices jumped dramatically in the early 1970's, by the mid 1990's oil and gas prices were lower on an inflation-adjusted basis than in the early 1970's. These low and relatively stable real fuel prices aided by ample supply and expansion of domestic oil and gas delivery capability were contrasted with the very high power costs, poor operating performance and high risk profile of nascent renewable resource projects at that time. Such an investment environment substantially favored traditional oil- and gas-fired energy projects. Consequently, from the mid 1990's, large-scale combined cycle gas-fired combustion turbine facilities accounted for most of the new generation capability added to the power supply portfolios of utilities and merchant power producers in the United States.

Currently the climate for investment in renewable resource generation is significantly more attractive. The renewal of the Federal inflation-adjusted US1.5 cents per kilowatt-hour Production Tax Credit (now US1.9 cents per kilowatt-hour) is a good example of the formal Federal efforts to continue spurring development and innovation in alternative energy fields.

It is becoming evident that the renewable power market growth will accelerate and state-level renewable portfolio standard (RPS) programs will largely determine the location of new renewable power projects. The majority of development in renewable energy resources will occur in the states with aggressive RPS incentives.

Current investor interest in the United States appears to be centered on wind energy as the renewable power technology with the most favorable near-term investment outlook. Enhancements to the standard wind energy model, such as those developed by the Solar Mission Project, that promise in particular higher expected cash flow because of the ability to provide 24/7 capacity and reduce the risk of inadequate/higher cost generation because of less than projected wind availability should be viewed very positively.

The decision to provide equity and/or debt for renewable power projects depends in large measure on the risk profile and tax position of the investor. Risk-averse investors such as banks and insurance companies have historically limited their involvement to secured short to medium term debt principally for wind energy projects. These entities have become comfortable with these loan commitments because of a growing experience base with wind energy farms where project risks can be identified, quantified and allocated through project energy purchase/finance contracts and the ability of lenders to perfect a priority first lien on marketable project assets. To date, most of the large U.S. wind projects have been financed by syndicates comprised of and managed by European commercial banks, although domestic investment and commercial banks have recently begun to participate in financings of larger scale wind farm projects secured by power purchase contracts with major utilities. These banks, as traditional lenders, typically provide medium- to long-term floating- or fixed-rate loans because most of their funding is based on variable money market rates for funds. Domestic and Canadian insurance companies have also provided funding in the U.S. wind generation market. These companies, in contrast to bank lenders, have historically provided fixed-rate financing because their funding base consists of long-term funds which seek a longer term return.

Equity investment in the renewables market is currently driven by passive tax-affected returns which provide an attractive investment option for several types of U.S. entities including utility/energy companies, financial institutions, and other industrial companies with reasonably high credit ratings and the capacity to take advantage of large volumes of U.S. tax credits for a sustained period. Other smaller scale wind generation developers with weak balance sheets and minimal tax exposure continue to rely on niche equity capital and internally generated funds for expansion. For technologies like the Solar Tower Project, with attractive projected returns from operations, the application of tax benefits, emission credits and other subsidies provides an even greater potential return.

Current conditions in the in North American power market reflect the effects of record high prices for fossil fuels, mounting environmental and conservation pressures, and the contrasting dynamics of oversupply in certain regions and transmission constraints in other locations. This challenging market segment has seen the recent introduction of several new commercial-scale renewable power technologies as attractive alternatives to combined-cycle gas-fired peaking units and a return to traditional coal-fired power

supply resources. Over the past few years, Federal tax incentives, state-level renewable portfolio standards (RPSs) and improving generation efficiencies have combined to fuel the growth in renewable power technologies. These wide-ranging technologies include biopower, geothermal, hydropower, landfill, gas, solar, photovoltaic, wind, and several others. Industry analysts estimate that the required capital investment in new renewable generation over the next ten years will exceed US$50 billion to meet the requirements of full compliance with current state RPS mandates. According to the American Wind Energy Association, wind energy projects in particular have grown at an annual rate exceeding 25 percent over the past five years and, most importantly, have become economically viable generation resources because of the rapid recent run-up in gas and oil prices and the perception that demand domestically and worldwide will continue to outpace supply keeping upward pressure on these prices. Average wind energy generation on a partially-subsidized basis costs approximately US3.5 - US4.0 cents per kWh at the best sites (without capacity), compared with US3.0 to US4.0 cents per kWh fully allocated for new coal-fired electricity and US4.0 to US5.0 cents per kWh for gas-fired electricity. The costs projected for the Solar Tower Project compare very favorably to those of current renewable resource projects under construction or development.

The close of EnviroMission's fourth full financial year of operation represents a significant milestone in the company’s strategic direction for commercial development and deployment of the Solar Tower project and its commitment to fully seize the value and opportunity from inroads achieved over the period. At 200MW the opportunity for development was focused on markets where the power grid infrastructure could take such a level of installed capacity. Recent energy market analysis has indicated a significant demand for smaller scale power generators distributed around the power grid; this analysis and development of smaller-scale as well as large-scale Solar Tower projects presents the opportunity to achieve full market penetration in a variety of power resource requirement situations.

With this in mind, EnviroMission's development strategy included the aim of addressing the challenge of scale. EnviroMission successfully identified two enhancements, currently under independent evaluation to confirm early findings, that indicate increased power generation performance and also greater heat storage capability for staggered release and 24/7 operation. By increasing the performance of the collector greenhouse the overall dimensions of the power station have been reduced in size and as a consequence considerable cost saving have been realized.

Units ranging in size from 50 MW to at least 200 MW can now be economically deployed. The enhancements now allow a 50 MW Solar Tower to operate with a significantly higher capacity factor such that the average output is equal to that of the originally proposed 200 MW unit. The innovative Solar Tower system also allows large scale units to operate at that same high capacity factor and generate substantially more power than the originally proposed larger units.

The re-engineering of the concept now forms the basis of intellectual property (IP) now owned by Pure Solar Power (IP) Pty Ltd, a 100% owned subsidiary of EnviroMission

Limited. The protection of the new IP will ensure there is benefit to all EnviroMission shareholders as a result of the increased economic benefits realized through the integration of the technologies. As all EnviroMission's IP is independently validated, the opportunities will not be limited to the domestic market; export opportunities will form a large portion of EnviroMission's long-term commercialization strategy.

The West Australian power market is one domestic example where smaller scale power generators are best suited for targeted delivery of electricity using current distribution infrastructure and will be included in future site investigations for Solar Tower development. Also material to Solar Tower development in Australia was the long awaited Australian Federal Government's Energy White paper that set out the three main policy priorities to impact on all energy developers:

1. Security of energy supply to ensure the community has power when it needs it;
2. Prudent exploitation of existing energy resources;
3. Lower greenhouse gas emissions from energy generation.

The Energy White Paper signals a shift to favor low emission energy generation - this shift has placed further pressure on renewable energy developers to be even more competitive on costs with low emission projects, including coal and gas generators. An outcome of the company's strategy to address scale has well positioned EnviroMission's Solar Tower to be a more commercially viable project in the redefined low emissions market and has demonstrated scalability, increased capacity and reduced footprint with a 50MW demonstration power plant. Re-engineering has not only reduced significantly the size of the project footprint and overall dimensions of the Solar Tower design for each kWh of generation, it has also considerably increased the capacity and substantially decreased the capital cost; the enhancements have allowed EnviroMission to get more from less.