

Immediate Release  
25 November, 2016

[ASX: EVM](#)  
[OTCQX: EVOMY](#)

## CHAIRMAN'S ADDRESS

It has variously been stated EnviroMission is in the 'pre-commercialization' stage of development of Solar Tower solar thermal power station technology (STP®), as such, investment is necessary for working capital to progress that strategic intent as there is not yet an income stream from development fees, royalties and free carried non-diluting equity arrangements.

EnviroMission announced such an investment in the form of a proposal from Japan based fund manager, Valentia Development Co, seeking to invest US\$10M for equity in EnviroMission, and an option to invest up to a US\$100M equity in Solar Tower projects - subject to shareholder approval (if required under the ASX Listing Rules).

The announcement was made with confidence that Valentia had the experience and access to capital to fulfil the terms of the HOA for a level of investment that would provide EnviroMission with a strong balance sheet capable of supporting its lead developer obligations in the commercialization of Solar Tower STP® technology in multiple markets; market sentiment for the announcement was well received based on the increase in volume and price of the EVM security at the time.

Intra-day trading activity on the day of the announcement drew the attention of the ASX, that suggested EnviroMission call a trading halt to allow time to provide additional information to the ASX that had first been considered to be '*commercial in confidence*' and on that basis had not been disclosed in the original announcement.

EnviroMission provided the required information including that included, Valentia's identity, the Term Sheet, and a copy of the executed HOA to EnviroMission's home exchange, the Perth branch of the ASX, and the trading halt was lifted with disclosure of further information. That trading halt attracted some negativity from a small group of shareholders.

EnviroMission received updates from Valentia that it had strong interest in the EnviroMission investment and notwithstanding market volatility (as specified in the initial announcement) the investment should occur without delay.

Unsettled 'market conditions' resulted in a contraction of global bourses in the lead up to the investment due date and EnviroMission agreed to Valentia's request to extend the remittance date - this extension of time was announced to the market.

A would-be subscriber to Valentia's EnviroMission investment, China based East Asia Co., expressed interest in investing US\$15M but on altered terms to reflect the increase in the amount of the investment; EnviroMission's due diligence included a meeting with East Asia Co representatives and Valentia in Japan in mid-February 2016 – at this meeting East Asia Co representatives proposed terms that would not have met securities law in Australia.

Valentia was blind-sided by the East Asia Co terms and conditions and made an undertaking to EnviroMission that it would meet the US\$15M investment, and a revised HOA was executed and announced to the market 29 February 2016 on the same commercial terms as those proposed for the East Asia Co investment.

EnviroMission was confident Valentia could meet the terms of the new Agreement that was incentivized with increased commerciality and additional time provided by staggered tranches of US\$3M by 7 March, and US\$12M by 30 April 2016.

Updates from Valentia around this time mostly focused on the sources of the investment and cross-border monetary barriers were only raised after Valentia prematurely advised EnviroMission the remittance of funds would occur - and it did not.

Valentia then proposed full remittance of the US\$15M by the 30 April investment deadline.

Despite the 30 April investment deadline being unmet, EnviroMission supported Valentia's request for additional time 'balanced against the benefits' anticipated from the scale of the investment to EnviroMission.

The ASX requested supporting documentation to verify the source/s of Valentia's fund - this was disclosed to the market on 11 May, and after discussion with the ASX, EnviroMission requested a trading halt to provide time to prepare responses to questions yet to be received from the ASX.

On 13 May (ironically a Friday) the ASX suspended EnviroMission from the official quotation despite having been provided detailed responses to the ASX questions; EnviroMission was advised the ASX would apply its discretion to keep the suspension in place until the Valentia investment was resolved.

Valentia continued to update EnviroMission on the status of the investment and EnviroMission provided these updates to the market as they have become available.

This summary of events is intended to highlight factors material to EnviroMission's suspension from quotation on the ASX; what is missing from the summary is a narrative around the many approaches from shareholders expressing frustration, anxiety for resolution, and for the most part support urging EnviroMission to act in the interests of harnessing the best outcome to secure investment in order to move forward.

Close to 100% of the returned proxies (representing holders of 45% of the issued capital of EnviroMission) voted in favour of each resolution suggesting a high level of support from shareholders able to see past the current difficulty imposed on EnviroMission to a future where the day-to-day business will be directing EnviroMission's development partners in their delivery of Solar Tower STP® projects.

Harnessing the best outcome is no straight-forward matter – it is worth noting that an investment is a commitment of another parties' capital and it is also more than the sum of the terms of an Agreement – moving forward is as much about taking people with you and relationships that must be functional if the investment is to be resolved as intended.

To that end, and attachment to this address to shareholders is Valentia's latest advice received overnight, it once again asserts Valentia expects to finalise the investment in EnviroMission 'imminently' and EnviroMission's response today follows that attachment and indicates that *while EnviroMission has remained patient and has agreed to extensions by Valentia, EnviroMission has not waived its rights under the Heads of Agreement, and expressly reserves its rights under the Agreement and notifies Valentia that if it does not pay the funds it undertook to pay under the Agreement by 2 December 2016, EnviroMission may proceed to exercise all or any of its rights under the Agreement.*

Three questions generalize shareholders' concerns:

### **Why is EnviroMission suspended?**

EnviroMission is not in breach of ASX Listing Rules – the ASX applied its discretion to suspend EnviroMission to avoid shareholders being adversely affected by reactionary sentiment including speculation as the result of delays to a cornerstone investment.

### **When will the suspension be lifted?**

The ASX has indicated the suspension will be lifted when the Valentia investment is resolved.

### **Why hasn't the Valentia agreement been terminated?**

EnviroMission considers providing Valentia with the 'time to succeed' is proportional to the value and clear benefit of the investment to EnviroMission and accepts a number of factors have contributed to delays, including; ASX requirement for disclosure of information first thought to be '*commercial in confidence*', unrealistic fund investor terms and conditions (East Asia), a trading suspension imposed on the planned recipient of an intended investment, market uncertainty associated with falling commodity prices, Brexit, and the US election.

What can't be summarized adequately is the anxiety experienced by some shareholders as a result of the ASX suspension of EnviroMission, and I take this opportunity personally and on behalf of EnviroMission to reach out to those shareholders and assure them EnviroMission has acted in shareholder's interests and in line with the company's ethical standards and code of conduct to be lawful, act with integrity, be fair and honest in dealings with people, treat people with dignity and be responsible for actions and accountable for consequences.

I would like to thank fellow director Andrew Draffin for his unwavering support as difficult decisions have had to be made and weathered, including the untimely resignation of EnviroMission's long-time non-executive director, David Galbally QC AO, due to a conflict of interest. EnviroMission was previously unable to reference the reason for David's resignation but can now disclose David has been appointed to the board of Infrastructure Victoria that will advise Treasury on infrastructure direction and expenditure in Victoria – it is a big appointment that leaves the EnviroMission board with a vacancy that is planned to be filled once the suspension is lifted.

EnviroMission would like to thank David for over ten years-service to the EnviroMission board – he has been a great supporter of the company and technology; David had planned to be here today to receive a presentation in recognition of his service but he is a Queens Counsel in great demand.

I would like to thank Kim Forte for her tireless effort and professional support particularly during this very difficult and stressful time; Andrew for his productivity and efforts over the year and good humor and support through the stress, and all those in the US keeping EnviroMission efforts on track.

Ends



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Mr Takeshi Ono.  
Valentia Co. Limited  
By Email

Dear Takeshi,

We refer to the agreement dated 29 February, 2016 between EnviroMission Limited (EVM) and Valentia (the "Agreement").

EVM has relied on Valentia's communications over numerous months that funding for Valentia's investment in EVM under the Agreement was imminent.

While remaining patient and agreeing to the extensions requested by you, EVM has not waived its rights under the Agreement. EVM hereby expressly reserves its rights under the Agreement and notifies you that if Valentia does not pay the funds it undertook to pay under the Agreement by 2 December 2016, EVM may proceed to exercise all or any of its rights under the Agreement.



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November 24, 2016

### Notice Regarding Imminent Fund Transfer

Dear Mr. Davey,

We at Valentia reassert our ongoing commitment to executing our fund transfer of US\$ 10 million to EnviroMission which has been subject to a delay.

To all the shareholders and other stakeholders of EnviroMission, we sincerely apologize for the deviation in payment schedule, and we pledge to go through with our arrangements proposed. We expect to be able to honor our commitments without any setbacks stemming from capital controls and other regulatory obstacles, and will be able to start the remittance process within a couple of days. We do humbly seek the understanding of all concerned.

We look forward to deepening our long-term relationship with EnviroMission and all related parties, and will continue to contribute our best efforts for the prosperity of EnviroMission going forward.

Yours sincerely,



Takeshi Ono  
Chairman