



Shareholder Update.

Chairmans Address.

- ▶ **Address**
Level 4, 91 William Street, Melbourne VIC 3000
- ▶ **Website:**
www.enviromission.com.au
- ▶ **Enquiries:**
aforte@enviromission.com.au

23rd January 2023.

Dear Shareholder,

The EnviroMission (“Company”) Board of Directors welcomes you to the general meeting of the members of EnviroMission Limited. The Company has continued to work toward commercialisation of the company’s proprietary Solar Tower technology, delivering on objectives identified in the Company’s Technology Roadmap.

A) Apollo Development Memorandum of Understanding (MOU)

The Board of Directors are confident the Apollo MOU paves the way for the successful commercialisation of EnviroMission’s Solar Tower technology. Funding identified as critical for the successful optimisation and development of the Company’s technology has been addressed in the MOU, providing EnviroMission with the greatest opportunity to create value for its shareholders.



The key elements of the MOU are:

- This MOU supersedes all previous agreements and understandings, including previous licensing arrangements, loans, MOUs and investments.
- Any previous funds transferred, and interest accrued will be contributed to this MOU in its entirety.
- This MOU will govern the relationship between the Parties (EnviroMission and Apollo) until the formal agreements are completed post the Annual General Meeting.
- A Total of 10% of NewCo will be issued to Apollo for work done to date, monies already received, more than US\$2.5 million, and a further US\$1.3 million.
- For every US\$1M received beyond this a further 1% of NewCo will be issued.
- The negotiated equity distribution between the two Parties, subject to future dilution, for the proposed NewCo is 66% EVM, 34% Apollo.
- If Apollo satisfies all payments / investment on or before the proposed dates, the equity split will be 64% EVM, 36% Apollo.
- If Apollo completes the investment in its entirety by January 1, 2026, Apollo will earn an additional 6% in the distributions at NewCo for the US, resulting in that component of the license being 60% EVM, 40% Apollo.
- New technology licensing agreements will still be negotiated for specific projects and countries.

B) Dynamic Optimisation Verification Engineering Tool (DOVET):

As has been detailed in previous disclosures, EnviroMission remains ahead of schedule with the successful completion of the Company's modelling asset, DOVET. The functionality of DOVET allows EnviroMission to:

- Predict the size, output, capacity, and configuration of Solar Tower for any global location,
- Identify all the major inefficiencies in Solar Tower, and incorporate enhancements to minimize/mitigate the inefficiency or address within design,
- Develop significant intellectual property assets through teamwork and modelling
- Allow the enhancements to be modelled for cost benefit analysis,
- Integrate seamlessly with EnviroMission's construction cost model, and
- Provide an asset to fast-track Front End Engineering and Design (FEED).

To date, The Company has made significant strides toward delivering a fully operational technology asset. DOVET has successfully passed the 'first phase' validation of its fundamental assumptions and is currently being reviewed by a specialist third party to verify the efficiency and accuracy of DOVET's code.

It is anticipated DOVET will be fully verified and validated during Q2 2024, with:

- Code and assumptions confirmed,
- Enhancements fully modelled,
- Integrated with proprietary cost model, and
- Integrated with proprietary financial model

All DOVET work to date has been completed with an eye to create shareholder value and an asset that will enhance EnviroMission’s ability to deliver Solar Towers globally.

C) Technology & Intellectual Property (IP)

EnviroMission has initiated a comprehensive IP strategy that has resulted in five patents being drafted to date. It is anticipated EnviroMission will have five patents pending in Q1 of 2024. Many additional enhancements, along with the proprietary DOVET code are also being evaluated for protection.

The initial patents focus on reducing the capital cost and addressing identified inefficiencies in the original Solar Tower design, resulting in significantly reduced dimensions whilst maintaining its high-capacity factor and overall expected output. All of the patents fall under the US category of “Utility Patents”. For illustrative purposes the patents could be categorized as follows:

Category	Area of Impact	Description	Potential Impact
Construction	Collector	Novel design of the Collector	5% cost saving Reduction in materials Strengthen the collector Improving efficiency Reduction of carbon footprint
Efficiency	Collector Zone	Significantly increase the absorption of solar radiation and heat transfer	20% efficiency improvement Reduction in Solar Tower dimensions
Efficiency	Collector Zone	Improve efficiency of airflow	30-40% efficiency improvement Reduction in Solar Tower dimensions
Efficiency	Tower	Reduce losses while maintaining required pressure differential	30+% Reduction in Tower height Improved efficiency
Heat	Collector Zone	Increase heat within the collector zone	20% efficiency improvement Reduction in Solar Tower dimensions

The improvements reduce construction costs while delivering increased electricity output. Return on Investment strengthens the case for case for commercialisation.

D) US Development

A continued focus on commercialization has seen US development become the primary focus of activities for the 2024 period as a result of DOVET providing scope for robust analysis - this analysis includes evaluation of regional viability. With much of the pre-development work completed in La Paz, the path towards commercialisation is expected to deliver the Company's fastest deployment prospect.

Several customers have been identified and considered for La Paz, with several confidential negotiations underway. It is acknowledged by the Company that any power purchase agreement (or similar mechanism) is unlikely to be finalized until after DOVET is complete and fully operational.

With the assistance of Apollo, EnviroMission is looking into several other locations, with Texas, New Mexico, and Nevada remaining locations of interest.

E) Global Development

EnviroMission is in the process of preparing a comprehensive development pathway that will inform the Company's global development ambitions. With the assistance of Apollo, licensing and development agreements are being drafted that will provide the nexus for future development opportunities. EnviroMission's La Paz Solar Tower development will be utilized as a template for all future development activity.

The following provides an overview of previously announced development opportunities.

a. India

EnviroMission terminated the Agreement in August 2023 between Dewan International Limited, DP Solrenergy India Private Limited. Other parties have been identified, and those discussions will be further informed by the progress of EnviroMission's proprietary DOVET modelling and IP development.

b. Sri Lanka.

EnviroMission and its partners are in ongoing discussions with Sri Lankan government officials and regulators about the country's desire to expand green options to achieve Net Zero objectives. The Sri Lankan government remains interested in the Solar Tower as part of its mix to increase its portfolio of sustainable generation facilities. EnviroMission will expend resources as appropriate based on the project viability, timing and financing for commercialization in Sri Lanka.

c. Other

EnviroMission will continue to pursue previously identified international opportunities and will entertain development opportunities through appropriate partners, but remains focused on continuing to optimize its proprietary Solar Tower technology with the goal of commercialization in the US market where available capital and a burgeoning appetite for renewable generation is palpable.

F) Financing and Potential Relocation to the US.

Subject to shareholder approval, the Apollo MOU will bring the Company closer to a re-location to the US. As we have consistently communicated over the last 24 months, the Board believes that a relocation to the US provides the best opportunity for a liquidity event for EVM shareholders. All EVM shareholders will have an indirect ownership interest, via their EVM shareholding, in NewCo which will be incorporated to administer the Apollo MOU. It is planned that NewCo will be the vehicle that oversees the commercialisation of the Company's technology which ultimately will return financial benefits to EVM shareholders.

It has been determined that the US market provides the best probability of securing the necessary capital to position the Company. NewCo will appeal to Environmental, Social, and Governance (ESG), Family Offices, Cleantech Funds, Philanthropic Benefactors, and US governmental channels, strengthening our development and deployment ambitions, noting that most of these channels require the Company to be domiciled in the US.

The incorporation of NewCo also provides an opportunity to seek a listing in the US on a number of suitable exchanges. EVM shareholders will benefit from such a transaction with their ownership interest in NewCo.

We are confident that 2024 will be an exciting year of progress toward commercialisation and the company remains committed to keeping all shareholders informed throughout the year.

The Directors wish to express appreciation for the significant support and collaboration extended by EnviroMission's shareholders, stakeholders, and Company personnel. I would also like to thank my fellow directors, Kim Forte and our technology team led by Valarie Schafer for their hard work, continued support and enthusiasm towards the pursuit of the deployment of Solar Tower Technology.

Sincerely,

The EnviroMission Limited Board of Directors.