



**EnviroMission Limited**  
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1 November, 2010

ASX Compliances Pty Limited  
 Level 8 Exchange Plaza  
 2 The Esplanade  
 Perth, WA. 6000

**By email**

Dear Wade (Mr W Baggott, Senior Adviser, Issuers, Perth),

Thank you for providing EnviroMission with the opportunity to provide clarification and respond to questions raised in a letter received from you (by email) on Friday 29 October.

**Does the Company consider the PPA Information (or any part of it) contained in the Announcement to be material to the Company?**

EnviroMission regards the release of news about the Power Purchase Agreement with the Southern California Public Power Authority PPA as an important announcement that is a landmark agreement that represents more than twelve months negotiation, as indicated in the 27 October 2009 Company release to the ASX – 'EnviroMission Solar Tower Wins SCPPA Approval'.

The 27 October 2009 announcement alerted the market that EnviroMission had made a successful submission to the SCPPA 2008 Request for Proposals to qualify Solar Tower technology as a suitable technology to meet the requirements of the SCPPA member utilities' Renewable Energy Portfolio standards.

Negotiations with the SCPPA commenced around that time.

All negotiations and content of meetings are commercial in confidence.

EnviroMission has been in negotiation with the SCPPA over the twelve months since the 27 October, 2009. All negotiations in the PPA process have been treated with utmost confidentiality.

EnviroMission announced the PPA was placed on the agenda for the SCPPA board approval on Tuesday October 19 – this information was announced to the ASX on Tuesday, October 19 'SCPPA Schedules EnviroMission Power Purchase Agreement Approval'

**When did the Company become aware of the PPA information contained in the announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the PPA information?**

The SCPPA board meeting where the PPA was tabled for approval was held from 09:30 to 17:00 on Thursday October 21 (US Pacific Time - being Friday local time). SCPPA advised EnviroMission of the board's decision at approximately midday (US Pacific Time) Friday October 22 being Saturday morning Australian Eastern Daylight Savings Time (AEDST) – advice received from EnviroMission (USA), Inc office to EnviroMission Chief Executive by telephone.

**Please advise why the Company did not make an announcement at an earlier time or request a trading halt earlier.**

EnviroMission requested an immediate Trading Halt on Monday October 25, prior to the opening of the market, to ensure an orderly and fully informed market.

Under the terms of the agreement with SCPPA formal approval of any release relating to any business, specifically the PPA negotiation and outcome, required clearance from the SCPPA Chief Executive, Bill Carnahan.

**Why was the PPA Information not released to the market at an earlier time?**

Details of EnviroMission's proposed release were forwarded to Mr Carnahan on Monday October 25 for approval and the effect of time and distance resulted in approval being received by EnviroMission on Tuesday morning October 26, at which time the Company announcement was released to the market.

**Please confirm the Company is in compliance with Listing Rule 3.1**

EnviroMission advises the ASX that it complies with Listing Rule 3.1 and meets the obligations of continuous disclosure in a timely way.

Yours Faithfully,



Roger Davey  
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Chief Executive Officer  
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29 October 2010

Mr. Roger Davey  
Executive Chairman  
EnviroMission Limited  
Ground Floor 3-5 Raglan Street  
South Melbourne VIC 3205

By email

Dear Roger

**EnviroMission Limited (the "Company")**

We refer to the following:

1. The Company's announcement released to ASX at 11:58 AM EDST on 26 October 2010 and titled "*EnviroMission Purchase Power Agreement Approved by Southern California Public Power Authority*" (the "Announcement"). The Announcement included amongst other things, the following:

*"EnviroMission announces the Power Purchase Agreement ("PPA") with the Southern California Public Power Authority ("SCPPA") to purchase green power from the first proposed EnviroMission Arizona Solar Tower power station was approved at the SCPPA board meeting held on 21 October.*

*Roger Davey, EnviroMission Chief Executive, said "finalization of this PPA with the SCPPA is an important milestone that will allow finance to be secured and Front End Engineering and Design (FEED) that is required to break ground at the site earmarked in Arizona to commence.*

*Renewable energy to be delivered by EnviroMission under the PPA will provide the SCPPA with a green alternative that is competitive with fossil fuel generators when the expected cost of mitigating greenhouse gas emissions are included. The facility will offset more than 1 million tons of greenhouse gases annually typically associated with fossil fuel generators of the same scale."*

(the "PPA Information")

2. The trading halt request by the Company dated 26 October 2010 and released to the market at 10:09 AM EDST on 25 October 2010 (the "Trading Halt").
3. The increase in the price of the Company's securities from a closing price on Thursday 21 October 2010 of \$0.039 to an intra-day high of \$0.069 on 22 October 2010.

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity".

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 A reasonable person would not expect the information to be disclosed.
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.
- 3.1A.3 One or more of the following applies.
  - It would be a breach of a law to disclose the information.
  - The information concerns an incomplete proposal or negotiation.
  - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
  - The information is generated for the internal management purposes of the entity.
  - The information is a trade secret."

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the PPA Information (or any part of it) contained in the Announcement to be material to the Company?
2. When did the Company become aware of the PPA Information contained in the Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the PPA Information.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the PPA Information (or any part of it) referred to in the Announcement, prior to the time the Company released the Announcement, please advise the following:
  - 3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt earlier.
  - 3.2 Why was the PPA Information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the PPA Information (or any part of it) contained in the Announcement to be material.

5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **4:00pm (EDST) on Wednesday 3 November 2010.**

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0023.

Yours sincerely

[sent electronically without signature]

Wade Baggott  
Senior Adviser, Issuers (Perth)