

**SOLAR SAILOR HOLDINGS LIMITED**  
**(A.C.N. 086 377 148)**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given of the annual general meeting of the members of Solar Sailor Holdings Limited A.C.N. 086 377 148 to be held on board Solar Sailor vessel on Thursday, 29<sup>th</sup> day of November 2001 at 10.30am Sydney time. Embarking times for the Solar Sailor vessel are 10.00am at Jeffrey Street Wharf, Kirribilli or 10.15am at No 6 Jetty, Circular Quay, New South Wales.

**1. Resolutions**

First Resolution : As an Ordinary Resolution

“**That** the Company consider and accept the Financial Statements and the Reports of the Directors and of the Auditor in respect of the year ended 30 June 2001”.

Second Resolution : As an Ordinary Resolution

“**That** the Company appoints Williams Hatchman & Kean as Auditors of the Company for the year ended 30 June 2001 and to continue in office until the next annual general meeting”.

Third Resolution : As an Ordinary Resolution

“**That** Robert Allister Woodhouse Dane be re-elected as a Director of the Company”.

Fourth Resolution : As an Ordinary Resolution

“**That** David James Franks be re-elected as a Director of the Company”.

Fifth Resolution : As an Ordinary Resolution

“**That** John Paul O’Connor be re-elected as a Director of the Company”.

#### Sixth Resolution : As an Ordinary Resolution

“**That** approval be given for the Company to allot ordinary shares as payment for Directors Fees incurred for the period 1<sup>st</sup> April 2001 to 31<sup>st</sup> August 2001 in lieu of cash as follows:

- (a) To Robert Allister Woodhouse Dane, or an entity nominated by Robert Allister Woodhouse Dane, 5,703 ordinary shares in Solar Sailor Holdings Limited;
- (b) To Graham Edmund Kelly, or an entity nominated by Graham Edmund Kelly, 5,238 ordinary shares in Solar Sailor Holdings Limited;
- (c) To David James Franks, or an entity nominated by David James Franks, 1,047 ordinary shares in Solar Sailor Holdings Limited;

#### Seventh Resolution : As an Ordinary Resolution

“**That** approval be given for the Company to allot ordinary shares as payment for Directors Fees incurred for the period 1<sup>st</sup> September 2001 until the first of the following events:

- (a) the date a Licence to build a commercial-sized vessel based on the Solar Sailor concept has been granted by the Company to a party and the first instalment of any consideration payable in accordance with the term of the Licence has been paid to the Company; or
- (b) the date a commercial-sized vessel based on the Solar Sailor concept has been sold by the Company to a party and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company; or
- (c) the date the Solar Sailor vessel has been sold by the Company to a party and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company; or
- (d) a capital raising or placement has been completed raising a minimum of AUD\$1 million; or
- (e) an ordinary resolution is passed ceasing this arrangement at a general or extraordinary meeting of members.

#### Eighth Resolution : As an Ordinary Resolution

“**That** approval be given for the Company to increase Non-Executive Directors fees from \$40,000 per annum in total to \$80,000 per annum in total.”

Ninth Resolution : As an Ordinary Resolution

“**That** approval be given for the following amendment to Clause 5.2 of the Convertible Note Agreement between Solar Sailor Holdings Limited and Susan Kelly dated 29<sup>th</sup> February 2000 annexed to the Notice of Meeting and marked “A”; from;

A note may be converted at any time after the date of issue of the note up to and including 5.00pm on 31 December 2001 (“**Final Conversion Date**”).

To:

A note may be converted at anytime after the date of issue of the note up to and including 5.00pm on 31 December 2002 (“**Final Conversion Date**”).”

Tenth item :

To transact any other business which may be brought forward at the annual general meeting in accordance with the Constitution of the Company.

## **2. Notice Requirements, Explanatory Statements and Other Information for Resolutions**

### First Resolution :

Nil

### Second Resolution :

Williams Hatchman & Kean were appointed as Auditors of the Company and in accordance with Clause 111 of the Company's Constitution, offer themselves for re-appointment as Auditors of the Company.

### Third Resolution :

Robert Allister Woodhouse Dane submits himself for re-election as a Director of the Company in accordance with Clause 70 of the Company's Constitution requiring the rotation of one-third of Directors each year, with the longest serving Directors submitted for re-election.

### Fourth Resolution

David James Franks was appointed a Director of the Company as an addition to the Board. David James Franks submits himself for re-election as a Director of the Company in accordance with Clause 35 of the Company's Constitution.

### Fifth Resolution

John Paul O'Connor was appointed a Director of the Company as an addition to the Board. John Paul O'Connor submits himself for re-election as a Director of the Company in accordance with Clause 35 of the Company's Constitution.

### Sixth Resolution

This is not an additional benefit for Directors. It is a method of enabling the company to:

- (i) provide part or all of the fees for services as a director in the form of shares with the purpose of further aligning the interests of directors with those of all shareholders in terms of the future performance of the company
- (ii) conserve cash resources of the company.

**The shares are allotted as part of the directors annual base fees, and are not an addition to those fees.**

The shares allotted in relation to director fees owing for the period 1<sup>st</sup> April 2001 to 31<sup>st</sup> August 2001 is based on a share price of \$1.75 per ordinary share, being the price under the last capital raising held in January 2001.

As the resolution relates directly to the directors, the directors will not make a recommendation.

### Seventh Resolution

This is not an additional benefit for Directors. It is a method of enabling the company to:

- (i) provide part or all of the fees for services as a director in the form of shares with the purpose of further aligning the interests of directors with those of all shareholders in terms of the future performance of the company
- (ii) conserve cash resources of the company.

**The shares are allotted as part of the directors annual base fees, and are not an addition to those fees.**

The shares to be allotted in relation to director fees owing from 1<sup>st</sup> September 2001 will be based on a share price being the lower of:

- (i) the weighted average price obtained in future capital raisings under Part (d) of the resolution; and
- (ii) \$1.75 per ordinary share.

For the information of members, total Directors fees presently payable by the company for 2001/2002 and the number of ordinary shares which would be allotted under this resolution if shares were issued at \$1.75 per share rather than being paid by cash are summarised below:

Non-executive Directors

Graham Kelly (Chairman)	\$20,000	11,729 ordinary shares in lieu of cash fees
John O'Connor	\$20,000	11,729 ordinary shares in lieu of cash fees
Sub total	\$40,000	22,858 ordinary shares in lieu of cash fees

Full or part-time executive Directors

Robert Dane	\$20,000	11,729 ordinary shares in lieu of cash fees
David Franks	\$20,000	11,729 ordinary shares in lieu of cash fees
Sub total	\$40,000	22,858 ordinary shares in lieu of cash fees
Total	\$80,000	45,714 ordinary shares in lieu of cash fees

As the resolution relates directly to the directors, the directors will not make a recommendation.

Eighth Resolution

Under Clause 36, the members determine the total maximum amount paid to non-executive Directors. Presently there are two non-executive directors paid \$20,000 per annum.

The Directors are presently seeking additional funds through capital raising opportunities. Depending on the size of the investment, the investor may seek Board representation. To allow the Directors the flexibility of appointing further Directors in conjunction with capital raising opportunities, the Directors wish to increase the total Directors fees paid to non-executive directors from \$40,000 per annum to \$80,000 per annum.

Ninth Resolution

**EXPLANATORY STATEMENT PREPARED IN ACCORDANCE WITH  
SECTIONS 218 AND 219 OF THE CORPORATIONS LAW**

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**APPROVAL OF AMENDMENT TO CLAUSE 5.2 OF THE CONVERTIBLE  
NOTE AGREEMENT**

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It is necessary to obtain shareholder approval in accordance with Section 208 of the Corporations Law and to comply with the Corporations Law in relation to the resolution. The Corporations Law requires that, except in certain specific situations, a public company may not give a financial benefit to a related party without prior shareholder approval. Granting an option is included in the concept of giving a financial benefit (Section 229(3)(e) of the Corporations Law) and a director of a public company is a related party of that public company (Section 228 of the Corporations Law).

(a) **Related parties**

The related parties to whom the proposed resolution would permit financial Benefits to be given are:

Susan Kelly – related party to Graham Kelly (Director)

(b) **Financial Benefits**

The financial benefits are the extension of the Convertible Note Agreement under the same terms and conditions previously agreed to by the shareholders.

Susan Kelly – Amendment to Clause 5.2 of the Convertible Note Agreement between Solar Sailor Holdings Limited and Susan Kelly dated 29<sup>th</sup> February 2000 from;

A note may be converted at any time after the date of issue of the note up to and including 5.00pm on 31 December 2001 (“**Final Conversion Date**”).

To:

A note may be converted at anytime after the date of issue of the note up to and including 5.00pm on 31 December 2002 (“**Final Conversion Date**”).”

For the benefit of shareholders, a summary of the main terms and conditions previously agreed by the shareholders:

- Interest is payable by the Company to the Holder on any unconverted and outstanding convertible notes, at the rate of seven percent (7.0%) per annum. Interest shall be calculated, as simple interest, quarterly in arrears.

- The Offeree may, in exercising some or all of his right to invest in Convertible Notes, direct the Company to issue some or all of the Convertible Notes to a nominee or nominees, with the approval of the Board (which will not be unreasonably withheld).
- Each Convertible Note of \$1,000 may be converted into one thousand, one hundred and seventy seven (1,177) ordinary fully paid shares of \$0.85 each in the Company
- All shares issued upon conversion will rank in all respects equally with the then ordinary shares in the Company.
- Where a holder elects to convert a Convertible Note, the final payment of interest in respect of such Convertible Note will be paid up to the date of issue of the shares as directed under the Conversion Notice.
- In the event of a bonus issue of shares being made to the Company's shareholders there will be a corresponding entitlement to new shares upon conversion of the Convertible Note. Any subsequent bonus issues will be adjusted in a similar manner, so that the Holder will be placed in the same position had they converted their Convertible Notes prior to the original bonus issue. On conversion of the Convertible Note, the allotment of the original entitlement and further entitlements due to bonus issues will be made.
- Where a Convertible Notes remains unconverted at expiry of the Conversion period, being 5.00pm of the date stipulated, the Company shall repay to the Holder the face value of the Convertible Note. The Holder is not entitled to any shares from bonus issues, as addressed in Section 7.2, should the Convertible Note remain unconverted.
- If the Offeree dies, any rights to purchase Convertible Notes held by the Offeree will pass to the Offeree's legal heirs or personal representative and will be exercisable by that person under the same terms and conditions as stipulated for the Offeree.

**(a) Recommendations and Interests**

Mr Graham Kelly has recommended the adoption of the resolution on the grounds it is in the interests of the Company to extend the maturity of the note rather than requiring the repayment of the note. Mr Kelly noted his interest in the outcome of the proposed resolution in that it potentially confers options to purchase shares in the Company upon him.

Each of Messrs Robert Dane, John O'Connor and David Franks has recommended the adoption of the resolution on the grounds it is in the interests of the Company to extend the maturity of the note rather than requiring the repayment of the note.

## Note

**Section 195 of the Corporations Law** restricts a director from voting on a matter being considered by the Board where the director has a material personal interest in that matter. However, the directors are specifically allowed to call a General Meeting for shareholders to approve the matter under S.195(4). The Company notes that the interested director Mr Graham Kelly and all associated persons or entities to that director will be excluded from voting at the General Meeting, in their capacity as shareholders of the company (if they are shareholders).

A copy of the Option Deed is attached as Appendix A.

### **3. Determination of Membership and Voting Entitlement for the Purpose of the Meeting**

Pursuant to Section 1109N of the Corporations Law, the Company has determined that for the purpose of determining a person's entitlement to vote at the meeting, a person shall be recognised as a member and the holder of Shares if that person is registered as a holder of those Shares at 5.00pm Sydney time on Monday 26<sup>th</sup> November 2001 ("**Entitlement Time**").

All holders of ordinary shares in the Company as at the Entitlement Time are entitled to attend and vote at the meeting.

### **4. Proxies**

Please note that:

- (a) Any member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of that member;
- (b) The appointment may specify the portion or number of votes that the proxy may exercise;
- (c) A member who is entitled to cast 2 or more votes at the meeting may appoint 2 proxies and may specify the proportional number of votes each proxy is appointed to exercise;
- (d) If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes;
- (e) A proxy so appointed need not be a member;
- (f) If you wish to appoint 2 proxies, two separate proxy forms must be completed.

Unless the member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.

If you wish to appoint a proxy, you should complete the attached "Proxy Form" and comply with details set out in that form for lodgement of the form with the Company.

The proxy form must be signed by the member or his or her attorney duly authorised in writing, or if the member is a corporation, either under the seal of the corporation (in accordance with its Constitution) or under the hand of an attorney duly authorised in writing or otherwise signed in accordance with the Corporations Law.

If any attorney or authorised officer signs this proxy form on behalf of a member, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the proxy form.

Forms to appoint proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority must be lodged at the registered office by 5.00pm on Monday 26<sup>th</sup> November 2001, either:

- (a) By post at Solar Sailor Holdings Limited, c/- Franks & Associates Pty Ltd, Suite 206 – The Bentleigh, 1 Katherine Street, Chatswood NSW 2067
- (b) By fax to (02) 9419 2944 .

## **5. Voting Exclusion Statement**

In accordance with the Corporations Law, the Company will disregard any votes cast on the resolution(s) by a person who may participate in the proposed issue or a person who might obtain a benefit (except a benefit solely in the capacity of a holder of securities in the Company) if the resolution is passed or an associate of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED this 1<sup>st</sup> day of November 2001  
By Order of the Board

.....  
Secretary

**SOLAR SAILOR HOLDINGS LIMITED**

**A.C.N. 086 377 148**

**PROXY FORM**

**FOR ANNUAL GENERAL MEETING TO BE HELD**

**ON 29<sup>th</sup> NOVEMBER 2001**

**AT 10.30 AM**

The Secretary  
Solar Sailor Holdings Limited  
C/- Franks & Associates Pty Ltd  
Suite 206 – The Bentleigh  
1 Katherine Street  
CHATSWOOD NSW 2067

I/We.....

of.....

being a member(s) of Solar Sailor Holdings Limited hereby appoint

Name of proxy.....

Address of proxy.....

or in his/her\* absence

Name of proxy.....

Address of proxy.....

for me/us\* and on my/our\* behalf at the Annual General Meeting of the Company to be held on 29<sup>th</sup> November 2001 on board Solar Sailor vessel and at any adjournment thereof. If I/we\* have not nominated a proxy or if the nominee is absent from the meeting, I/we\* appoint the Chairperson of the meeting to vote of my/our\* behalf.

This proxy is authorised to exercise ..... votes / .....% of my/our\* voting rights.  
(number) (percent)

\*Delete whichever is not applicable.

## OPTIONAL

If you wish to direct your proxy how to vote, please mark the appropriate box:

### Resolution

**FOR    AGAINST    ABSTAIN**

1. Accept Financial Statements and Reports of Directors and Auditors
2. Appointment of Williams Hatchman & Kean as Auditors of the Company
3. Re-election of Robert Dane as a Director
4. Re-election of David Franks as a Director
5. Re-election of John O'Connor as a Director
6. Allotment of shares for past director fees
7. Allotment of shares for future director fees
8. Increase in total non-executive Director Fees
9. Amendment to Convertible Note Agreement with Susan Kelly

**IF A MEMBER IS AN INDIVIDUAL, SIGN AS FOLLOWS:**

Signed by Member/Attorney: ..... Date.....  
Print Name:

**IF MEMBER IS A CORPORATION, SIGN AS FOLLOWS:**

Signed by Duly appointed authorised representative, under common seal, of

[Company Name]\_\_\_\_\_ :..... Date.....

**IF JOINT MEMBERS, ALL OTHER JOINT HOLDERS OF THE SHARES MUST ALSO SIGN THIS CONSENT (PLEASE USE THE SIGNING CLAUSES BELOW FOR THAT PURPOSE):**

Signed by\_\_\_\_\_ :..... Date:.....

Signed by\_\_\_\_\_ :..... Date:.....

Signed by\_\_\_\_\_ :..... Date:.....

## NOTES

Please note that:

- (a) Any member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of that member;
- (b) The appointment may specify the portion or number of votes that the proxy may exercise;
- (c) A member who is entitled to cast 2 or more votes at the meeting may appoint 2 proxies and may specify the proportional number of votes each proxy is appointed to exercise;
- (d) If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes;
- (e) A proxy so appointed need not be a member;
- (f) If you wish to appoint 2 proxies, two separate proxy forms must be completed.

Unless the member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.

If you wish to appoint a proxy, you should complete the attached "Proxy Form" and comply with details set out in that form for lodgement of the form with the Company.

The proxy form must be signed by the member or his or her attorney duly authorised in writing, or if the member is a corporation, either under the seal of the corporation (in accordance with its Constitution) or under the hand of an attorney duly authorised in writing or otherwise signed in accordance with the Corporations Law.

If any attorney or authorised officer signs this proxy form on behalf of a member, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority

Forms to appoint proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority must be lodged at the registered office by 5.00pm on 26<sup>th</sup> November 2001, either:

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