

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

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 at Upstairs Level of Rossini Restaurant, Opposite Wharf 5 and 6, Circular Quay Promenade, Alfred Street, Circular Quay, Sydney, New South Wales on Monday, 17th day of November 2003 at 10.00am Sydney time.

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 2003”.

Second Resolution : As an Ordinary Resolution

“**That** the Company appoints Williams Hatchman & Kean as Auditors of the Company for the year ended 30 June 2003 and to continue in office until the next annual general meeting”.

Third Resolution : As an Ordinary Resolution

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

Fourth Resolution : As an Ordinary Resolution

“**That** Robert James Lee Hawke be re-elected as a Director of the Company”.

Fifth Resolution : As an Ordinary Resolution

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

Sixth Resolution : As an Ordinary Resolution

“**That** Susan Enid Dane be re-elected as a Director of the Company”.

Seventh Resolution : As an Ordinary Resolution

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

Eighth Resolution : As an Ordinary Resolution

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

Ninth Resolution : As an Ordinary Resolution

“**That** the Company be authorised to:

- (a) execute on behalf of the Company the Option Deed between the Company and David James Franks annexed to the Notice of Meeting and marked “A”; and
- (b) grant Options to David James Franks pursuant to the Option Deed and, if any such Options are exercised in accordance with the Deed, issue Ordinary Shares in accordance with the “Deed”.

The Company notes that it will, in accordance with section 224 of the Corporations Law, disregard any votes cast on the resolution by:

- *Mr David James Franks and any associate of Mr David James Franks (including any corporate entity controlled by him).*

However, the Company will not disregard a vote if:

- *It is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and*
- *It is not cast on behalf of Mr David James Franks or any of his associates (including any corporate entities controlled by them).*

Tenth Resolution : As an Ordinary Resolution

“**That** the Company be authorised to:

- (a) execute on behalf of the Company the Option Deed between the Company and John Paul O’Connor annexed to the Notice of Meeting and marked “B”; and
- (b) grant Options to John Paul O’Connor pursuant to the Option Deed and, if any such Options are exercised in accordance with the Deed, issue Ordinary Shares in accordance with the “Deed”.

The Company notes that it will, in accordance with section 224 of the Corporations Law, disregard any votes cast on the resolution by:

- *Mr John Paul O’Connor and any associate of Mr John Paul O’Connor (including any corporate entity controlled by him).*

However, the Company will not disregard a vote if:

- *It is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and*
- *It is not cast on behalf of Mr John Paul O’Connor or any of his associates (including any corporate entities controlled by them).*

Eleventh Resolution : As an Ordinary Resolution

“**That** the Company be authorised to:

- (a) execute on behalf of the Company the Option Deed between the Company and Robert James Lee Hawke and David Cassidy and Susan Enid Dane and David Fox and David Michael Kelly annexed to the Notice of Meeting and marked “C”; and
- (b) grant Options to Robert James Lee Hawke and David Cassidy and Susan Enid Dane and David Fox and David Michael Kelly pursuant to the Option Deed and, if any such Options are exercised in accordance with the Deed, issue Ordinary Shares in accordance with the “Deed”.

The Company notes that it will, in accordance with section 224 of the Corporations Law, disregard any votes cast on the resolution by:

- *Robert James Lee Hawke and David Cassidy and Susan Enid Dane and David Fox and David Michael Kelly and any associate of Robert James Lee Hawke and David Cassidy and Susan Enid Dane and David Fox and David Michael Kelly (including any corporate entity controlled by him).*

However, the Company will not disregard a vote if:

- *It is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and*
- *It is not cast on behalf of Mr David James Franks or any of his associates (including any corporate entities controlled by them).*

Twelfth Resolution : As an Ordinary Resolution

“**That** the Company be authorised to execute on behalf of the Company the following agreement between Solar Sailor Holdings Limited and Susan Kelly dated 31st December 2002 annexed to the Notice of Meeting and marked “D”:

AMENDMENT TO AGREEMENT TITLED
“ISSUE OF 200 SECURED CONVERTIBLE NOTES OF \$1,000 EACH”
DATED
29 FEBRUARY 2000
AND SUBSEQUENT AMENDMENT
DATED 30 JUNE 2001”.

Thirteenth 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 :

David James Franks 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

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

Fifth Resolution

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

Sixth Resolution

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

Seventh Resolution

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

Eighth Resolution

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

Ninth Resolution

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

**APPROVAL OF GRANTING OF OPTIONS AND EXECUTION OF
OPTION DEED BY COMPANY**

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:

David James Franks (Director)

(b) **Financial Benefits**

The financial benefits are the grant of the following number of options in the Company to each of the following persons:

David James Franks - the allotment of 100,000 options

Each Option may be exercised to purchase one ordinary share in the Company at an exercise price of \$0.85 per option/share within a period of 2 years from the earlier of the following dates appearing in the definition of "Exercise Period" in the Deed:

- (i) 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 other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the Licence has been paid to the Company; or
- (ii) the date of a commercial-sized vessel based on the Solar Sailor concept has been sold by the Company to a party other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company.

The options may be exercised by the Optionholder directing the Company to issue the shares to which they are entitled to themselves and/or to a nominee or nominees.

If the Optionholder dies prior to exercise of the Options, the Options become exercisable by the Optionholder's legal heirs or personal representatives and will be exercisable by that person either:

- (i) within a period of twelve (12) months from the date of the Grantee's death if either of the dates specified in the definition of "Exercise Period".
- (ii) otherwise within a period of twelve (12) months from the earlier of the dates specified in the definition of "Exercise Period".

The Optionholder may not participate in new issues of Shares without exercising their Options if the Listing Rules apply to the Company at the time of the new issue and prevent such participation and otherwise the Optionholder may participate in new issues of Shares as if their Options were Shares without exercising their Options.

Ordinary shares issued upon the exercise of the options will have the same rights as existing ordinary shares.

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

(c) Recommendations and Interests

Mr David Franks has recommended the adoption of the resolution on the grounds it is in the interests of the Company to reward its directors for the successful performance of the Company, to give the directors an incentive to build the business of the Company as an optionholder. Mr Franks 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, Robert Hawke, David Cassidy, David Kelly and David Fox and Mrs Susan Dane have recommended the adoption of the resolution on the grounds it is in the interests of the Company to reward its directors for the successful performance of the Company, to give the directors an incentive to build the business of the Company as an optionholder.

(d) Other Important Information

Section 300A of the Corporations Act 2001 requires listed companies to disclose the amount of emoluments of each Director and each of the five executive officers receiving the highest emoluments. The Board has previously, and continues, to disclose this information in the company's annual audited Financial Statements to adhere to best practice.

To continue this policy of best practice, we attach the following information for the members:

- A summary of past options issued to Directors as previously approved by members
- An estimate of present value of options being issued to Mr David Franks
- A summary of all elements of current Directors packages.

(i) Past options issued to Directors as previously approved by members

The options issued previously are under the same terms as those proposed to be issued to David Franks.

Director	Options	Members meeting
Robert Dane	2,039,170	27 May 1999
Graham Kelly (*)	200,000	27 May 1999
John Paterson (*)	100,000	27 May 1999
Paul Scully-Power (*)	100,000	21 February 2000

(*) no longer a Director of the company

(ii) Estimate of present value of options being issued to Mr David Franks

Under the terms of the Option Deed, the options are unable to be exercised unless certain events occur. To date, these events have not occurred. Should these events not occur each option would be worth \$0.00 or \$0 in total.

However an estimate of the value of options where one of the certain events has occurred is that each option would be worth approximately \$0.76 or approximately \$76,000 in total. This has been calculated under the following assumptions:

- One of the certain events has occurred and therefore the exercise period under the Option Deed has commenced
- The market value of ordinary shares is \$1.75 being the value of the last capital raising in January 2001 prior to Mr David Franks' appointment as a Director
- The value is calculated under Part III, Division 13A, Subdivision F of the Income Tax Assessment Act.

1. A summary of all elements of current directors packages for the year ended 30 June 2003

Robert Dane : \$20,000 per annum in cash or shares for Directors Fees
 Wages totalling \$107,183
 Provision of motor vehicle expense payments totalling \$11,270
 Provision of office expenses totalling \$4,800
 2,039,170 options over ordinary shares (*)

- David Franks : \$20,000 per annum in cash or shares for Directors Fees
Consulting fee to a related party comprising a rate per hour.
Total fees for the period from 1/7/02 to 30/6/03 totalled
\$42,804.
100,000 options over ordinary shares (*) (**)
- Robert Hawke : \$20,000 per annum in cash or shares for Directors Fees, with
\$11,780 for the year in question
100,000 options over ordinary shares (**)
- David Cassidy : \$20,000 per annum in cash or shares for Directors Fees, with
\$11,780 for the year in question
100,000 options over ordinary shares (**)
- Susan Dane : \$20,000 per annum in cash or shares for Directors Fees, with
\$9,589 for the year in question
100,000 options over ordinary shares (**)
- David Kelly : \$20,000 per annum in cash or shares for Directors Fees, with
\$9,589 for the year in question
100,000 options over ordinary shares (**)
- David Fox : \$20,000 per annum in cash or shares for Directors Fees, with
\$8,110 for the year in question
100,000 options over ordinary shares (**)

(*) terms of options are same as proposed under this resolution

(**) options are proposed to be issued

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 David Franks 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).

Tenth Resolution

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

**APPROVAL OF GRANTING OF OPTIONS AND EXECUTION OF
OPTION DEED BY COMPANY**

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:

John Paul O'Connor (Director – resigned 28th November 2002)

(b) **Financial Benefits**

The financial benefits are the grant of the following number of options in the Company to each of the following persons:

John Paul O'Connor - the allotment of 100,000 options

Each Option may be exercised to purchase one ordinary share in the Company at an exercise price of \$0.85 per option/share within a period of 2 years from the earlier of the following dates appearing in the definition of “Exercise Period” in the Deed:

- (i) 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 other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the Licence has been paid to the Company; or
- (ii) the date of a commercial-sized vessel based on the Solar Sailor concept has been sold by the Company to a party other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company.

The options may be exercised by the Optionholder directing the Company to issue the shares to which they are entitled to themselves and/or to a nominee or nominees.

If the Optionholder dies prior to exercise of the Options, the Options become exercisable by the Optionholder's legal heirs or personal representatives and will be exercisable by that person either:

- (i) within a period of twelve (12) months from the date of the Grantee's death if either of the dates specified in the definition of "Exercise Period".
- (ii) otherwise within a period of twelve (12) months from the earlier of the dates specified in the definition of "Exercise Period".

The Optionholder may not participate in new issues of Shares without exercising their Options if the Listing Rules apply to the Company at the time of the new issue and prevent such participation and otherwise the Optionholder may participate in new issues of Shares as if their Options were Shares without exercising their Options.

Ordinary shares issued upon the exercise of the options will have the same rights as existing ordinary shares.

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

(c) Recommendations and Interests

Mr John O'Connor has recommended the adoption of the resolution on the grounds it is in the interests of the Company to reward its directors for the successful performance of the Company, to give the directors an incentive to build the business of the Company as an optionholder. Mr O'Connor 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, David Franks, Robert Hawke, David Cassidy, David Kelly and David Fox and Mrs Susan Dane have recommended the adoption of the resolution on the grounds it is in the interests of the Company to reward its directors for the successful performance of the Company, to give the directors an incentive to build the business of the Company as an optionholder. Although resigned as a Director, the option package was the suggested remuneration package offered by the remuneration committee subject to shareholder approval.

(d) Other Important Information

Section 300A of the Corporations Act 2001 requires listed companies to disclose the amount of emoluments of each Director and each of the five executive officers receiving the highest emoluments. The Board has previously, and continues, to disclose this information in the company's annual audited Financial Statements to adhere to best practice.

To continue this policy of best practice, we attach the following information for the members:

- A summary of past options issued to Directors as previously approved by members
- An estimate of present value of options being issued to Mr John O'Connor
- A summary of all elements of current Directors packages.

1. Past options issued to Directors as previously approved by members

The options issued previously are under the same terms as those proposed to be issued to John O'Connor.

Director	Options	Members meeting
Robert Dane	2,039,170	27 May 1999
Graham Kelly (*)	200,000	27 May 1999
John Paterson (*)	100,000	27 May 1999
Paul Scully-Power (*)	100,000	21 February 2000

(*) no longer a Director of the company

2. Estimate of present value of options being issued to Mr John O'Connor

Under the terms of the Option Deed, the options are unable to be exercised unless certain events occur. To date, these events have not occurred. Should these events not occur each option would be worth \$0.00 or \$0 in total.

However an estimate of the value of options where one of the certain events has occurred is that each option would be worth approximately \$0.76 or approximately \$76,000 in total. This has been calculated under the following assumptions:

- One of the certain events has occurred and therefore the exercise period under the Option Deed has commenced
- The market value of ordinary shares is \$1.75 being the value of the last capital raising in January 2001 prior to Mr John O'Connors' appointment as a Director
- The value is calculated under Part III, Division 13A, Subdivision F of the Income Tax Assessment Act.

3. A summary of all elements of current directors packages for the year ended 30 June 2003

Robert Dane : \$20,000 per annum in cash or shares for Directors Fees
 Wages totalling \$107,183
 Provision of motor vehicle expense payments totalling \$11,270
 Provision of office expenses totalling \$4,800
 2,039,170 options over ordinary shares (*)

- David Franks : \$20,000 per annum in cash or shares for Directors Fees
 Consulting fee to a related party comprising a rate per hour.
 Total fees for the period from 1/7/02 to 30/6/03 totalled
 \$42,804.
 100,000 options over ordinary shares (*) (**)
- Robert Hawke : \$20,000 per annum in cash or shares for Directors Fees, with
 \$11,780 for the year in question
 100,000 options over ordinary shares (**)
- David Cassidy : \$20,000 per annum in cash or shares for Directors Fees, with
 \$11,780 for the year in question
 100,000 options over ordinary shares (**)
- Susan Dane : \$20,000 per annum in cash or shares for Directors Fees, with
 \$9,589 for the year in question
 100,000 options over ordinary shares (**)
- David Kelly : \$20,000 per annum in cash or shares for Directors Fees, with
 \$9,589 for the year in question
 100,000 options over ordinary shares (**)
- David Fox : \$20,000 per annum in cash or shares for Directors Fees, with
 \$8,110 for the year in question
 100,000 options over ordinary shares (**)

(*) terms of options are same as proposed under this resolution

(**) options are proposed to be issued

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 John O'Connor 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).

Eleventh Resolution

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

**APPROVAL OF GRANTING OF OPTIONS AND EXECUTION OF
OPTION DEED BY COMPANY**

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).

1. Related parties

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

Robert James Lee Hawke
David Cassidy
Susan Enid Dane
David Michael Kelly
David Fox

2. Financial Benefits

The financial benefits are the grant of the following number of options in the Company to each of the following persons:

Robert James Lee Hawke - the allotment of 100,000 options, vesting over 24 months from 28th December 2002

David Cassidy - the allotment of 100,000 options, vesting over 24 months from 28th December 2002

Susan Enid Dane - the allotment of 100,000 options, vesting over 24 months from 7th February 2003

David Michael Kelly - the allotment of 100,000 options, vesting over 24 months from 7th February 2003

David Fox - the allotment of 100,000 options, vesting over 24 months from 3rd March 2003

Each Option may be exercised to purchase one ordinary share in the Company at an exercise price of \$1.00 per option/share within a period of 2 years from the earlier of the following dates appearing in the definition of "Exercise Period" in the Deed:

1. 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 other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the Licence has been paid to the Company; or
- (ii) the date of a commercial-sized vessel based on the Solar Sailor concept has been sold by the Company to a party other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company.

The options may be exercised by the Optionholder directing the Company to issue the shares to which they are entitled to themselves and/or to a nominee or nominees.

If the Optionholder dies prior to exercise of the Options, the Options become exercisable by the Optionholder's legal heirs or personal representatives and will be exercisable by that person either:

1. within a period of twelve (12) months from the date of the Grantee's death if either of the dates specified in the definition of "Exercise Period".
- (ii) otherwise within a period of twelve (12) months from the earlier of the dates specified in the definition of "Exercise Period".

The Optionholder may not participate in new issues of Shares without exercising their Options if the Listing Rules apply to the Company at the time of the new issue and prevent such participation and otherwise the Optionholder may participate in new issues of Shares as if their Options were Shares without exercising their Options.

Ordinary shares issued upon the exercise of the options will have the same rights as existing ordinary shares.

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

1. Recommendations and Interests

Mr Robert Hawke, Mr David Cassidy, Mrs Susan Dane, Mr David Kelly and Mr David Fox have recommended the adoption of the resolution on the grounds it is in the interests of the Company to reward its directors for the successful performance of the Company, to give the directors an incentive to build the business of the Company as an optionholder. Mr Robert Hawke, Mr David Cassidy, Mrs Susan Dane, Mr David Kelly and Mr David Fox 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 and David Franks have recommended the adoption of the resolution on the grounds it is in the interests of the Company to reward its

directors for the successful performance of the Company, to give the directors an incentive to build the business of the Company as an optionholder.

(d) **Other Important Information**

Section 300A of the Corporations Act 2001 requires listed companies to disclose the amount of emoluments of each Director and each of the five executive officers receiving the highest emoluments. The Board has previously, and continues, to disclose this information in the company's annual audited Financial Statements to adhere to best practice.

To continue this policy of best practice, we attach the following information for the members:

- A summary of past options issued to Directors as previously approved by members
- An estimate of present value of options being issued to Mr Robert Hawke, Mr David Cassidy, Mrs Susan Dane, Mr David Kelly and Mr David Fox
- A summary of all elements of current Directors packages.

1. Past options issued to Directors as previously approved by members

The options issued previously are under the same terms as those proposed to be issued to Mr Robert Hawke, Mr David Cassidy, Mrs Susan Dane, Mr David Kelly and Mr David Fox.

<u>Director</u>	<u>Options</u>	<u>Members meeting</u>
Robert Dane	2,039,170	27 May 1999
Graham Kelly (*)	200,000	27 May 1999
John Paterson (*)	100,000	27 May 1999
Paul Scully-Power (*)	100,000	21 February 2000

(*) no longer a Director of the company

2. Estimate of present value of options being issued to Mr Robert Hawke, Mr David Cassidy, Mrs Susan Dane, Mr David Kelly and Mr David Fox

Under the terms of the Option Deed, the options are unable to be exercised unless certain events occur. To date, these events have not occurred. Should these events not occur each option would be worth \$0.00 or \$0 in total to each Director.

However an estimate of the value of options where one of the certain events has occurred is that each option would be worth approximately \$0.847 or approximately \$84,700 in total to each Director. This has been calculated under the following assumptions:

- One of the certain events has occurred and therefore the exercise period under the Option Deed has commenced
- The options are fully vested over a 24 month period

- The market value of ordinary shares is \$2.00 being the value of the last capital raising in August 2002 prior to Mr Robert Hawke, Mr David Cassidy, Mrs Susan Dane, Mr David Kelly and Mr David Foxs' appointments as Directors
- The value is calculated under Part III, Division 13A, Subdivision F of the Income Tax Assessment Act.

3. A summary of all elements of current directors packages for the year ended 30 June 2003

- Robert Dane : \$20,000 per annum in cash or shares for Directors Fees
Wages totalling \$107,183
Provision of motor vehicle expense payments totalling \$11,270
Provision of office expenses totalling \$4,800
2,039,170 options over ordinary shares (*)
- David Franks : \$20,000 per annum in cash or shares for Directors Fees
Consulting fee to a related party comprising a rate per hour.
Total fees for the period from 1/7/02 to 30/6/03 totalled \$42,804.
100,000 options over ordinary shares (*) (**)
- Robert Hawke : \$20,000 per annum in cash or shares for Directors Fees, with \$11,780 for the year in question
100,000 options over ordinary shares (**)
- David Cassidy : \$20,000 per annum in cash or shares for Directors Fees, with \$11,780 for the year in question
100,000 options over ordinary shares (**)
- Susan Dane : \$20,000 per annum in cash or shares for Directors Fees, with \$9,589 for the year in question
100,000 options over ordinary shares (**)
- David Kelly : \$20,000 per annum in cash or shares for Directors Fees, with \$9,589 for the year in question
100,000 options over ordinary shares (**)
- David Fox : \$20,000 per annum in cash or shares for Directors Fees, with \$8,110 for the year in question
100,000 options over ordinary shares (**)

(*) terms of options are same as proposed under this resolution
(**) options are proposed to be issued

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 John O'Connor 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).

Twelfth Resolution

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

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

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 David 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 29th February 2000 from;

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**”).”

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 2003 (“**Final Conversion Date**”). The parties to this agreement may extend the final conversion date for a period of up to 12 months from 31 December 2003 should both parties agree to this extension in writing.

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, and payable upon conversion or repayment.
- 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 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.

1. Recommendations and Interests

Mr 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, Robert Hawke, David Franks, David Cassidy, David Fox and Mrs Susan Dane have 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 David 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 D.

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 Friday 14th November 2003 ("**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:

1. Any member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of that member;
2. The appointment may specify the portion or number of votes that the proxy may exercise;
3. 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;
4. 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;
5. A proxy so appointed need not be a member;
6. 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 Friday 14th November 2003, either:

1. By post at Solar Sailor Holdings Limited, c/- Franks & Associates Pty Ltd, Suite 206 – The Bentleigh, 1 Katherine Street, Chatswood NSW 2067
2. 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:

1. 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
2. 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 15th day of October 2003
By Order of the Board

..
S 

“APPENDIX A”

OPTION DEED

BETWEEN

SOLAR SAILOR HOLDINGS LIMITED
A.C.N. 086 377 148
(the “Company”)

AND

DAVID JAMES FRANKS
(the “Grantee”)

THIS OPTION DEED is made on the 17th day of November 2003.

BETWEEN

SOLAR SAILOR HOLDINGS LIMITED A.C.N. 086 377 148 of C/- Franks & Associates Pty Ltd, Suite 206 – The Bentleigh, 1 Katherine Street, Chatswood, New South Wales, 2067 (the “**Company**”)

AND

DAVID JAMES FRANKS of Unit 604, 1 Watson Street, Neutral Bay, New South Wales, 2089 (the “**Grantee**”)

INTRODUCTION

- A. The Grantee is a director of the Company.
- B. The Company has agreed to grant Options over unissued Ordinary Shares in Capital of the Company to the Grantee on the terms of this Deed and the Grantee has agreed to accept the Options.

OPERATIVE PROVISIONS

1. INTERPRETATION

In this Deed, unless the context otherwise requires:

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day that is not Saturday or Sunday or a public holiday in the State of New South Wales;

“**Exercise Notice**” means a notice substantially in the form of Schedule 2;

“**Exercise Period**” means the period during which the Options may be exercised, being the period commencing on the earlier of the following dates:

- (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 other than the Parties to this Deed and the first instalment of any consideration payable in accordance with the term of the Licence has been paid to the Company; or
- 2. the date a commercial-sized vessel based on the Solar Sailor concept has been sold by the Company to a party other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company; and ending two (2) years after the date specified in (a) or (b), whichever is earlier.

“**Exercise Price**” means eighty-five cents (0.85) per Share;

“**Listing Rules**” means the Australian Stock Exchange’s current listing rules at the relevant time;

“**Options**” means the options to be granted to the Grantee as set out in Schedule 1;

“**Shares**” means fully-paid ordinary shares in the Company; and

In this Deed, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation; and
- (b) words importing singular include the plural and vice versa.

3. APPROVAL BY SHAREHOLDERS

The parties acknowledge that the terms of this Deed were approved at a General Meeting of the Company’s Members held on the 17th day of November 2003, pursuant to section 208 of the Corporations Law.

4. LISTING RULES

The parties acknowledge that the terms of this Deed have incorporated the requirements of the Listing Rules applicable to options even though they are not required to be incorporated as at the time of entering into this Deed as the Company was not a company listed on the stock exchange, but may seek listing at a later date.

5. GRANT OF OPTIONS

- 5.1. The Company grants Options to the Grantee in accordance with Schedule 1 and the Grantee accepts the Options the Company grants him.
- 5.2. Each Option entitles the Grantee to subscribe for one (1) Share at the Exercise Price, subject to the terms and conditions of this Deed.
- 5.3. The Grantee warrants that they have read and understood the terms and conditions of this Deed.
- 5.4. The Grantee may, in exercising some or all of his Options, direct the Company to issue some or all of the Shares to a nominee or nominees, with the approval of the directors of the Company (which will not be unreasonably withheld).

6. EXERCISE PERIOD

The Options are exercisable in part, or in whole, during the Exercise Period.

7. METHOD OF EXERCISE

A Grantee may exercise Options during the Exercise Period by sending to the Company:

- (a) an Exercise Notice; and
- (b) a cheque payable to the Company for an amount equal to the number of shares applied for in the Exercise Notice multiplied by the Exercise Price.

The Company will allot to the Grantee or the Grantee's nominee or nominees, the number of Shares specified in the Exercise Notice as soon as practicable after receiving (a) and (b) above.

8. LAPSE OF OPTIONS

8.1. Any Options not:

- (a) exercised in accordance with this Deed; or
- (b) exercised before the expiration of the Expiry Period, will lapse.

8.2. The Grantee will not be entitled to any compensation in relation to the lapse of the Options.

9. VOTING RIGHTS

A Grantee is not entitled to vote at any meeting of members of the Company in respect of the Options held by the Grantee.

10. TRANSFERABILITY OF OPTIONS

10.1. A Grantee will not transfer (including, without limitation, sell, mortgage, pledge or otherwise encumber) or assign any Option.

10.2. Every Option granted to a Grantee will immediately become void and of no effect if the Board becomes aware that the Grantee has committed an act of bankruptcy or is unable to pay their debts as they fall due.

11. DEATH OF GRANTEE

If a Grantee dies, any Options held by the Grantee will pass to the Grantee's legal heirs or personal representative and will be exercisable by that person either:

- (a) within a period of twelve (12) months from the date of the Grantee's death if either of the dates specified in (a) or (b) in the definition of "Exercise Period" have occurred; or

(b) otherwise within a period of twelve (12) months from the earlier of the dates specified in (a) or (b) in the definition of “Exercise Period”.

12. TERMINATING EVENT

12.1. Terminating Event

All Options granted under this Deed will terminate upon:

- (a) the dissolution or liquidation of the Company;
- (b) a merger or consolidation of the Company with one or more companies as a result of which, immediately following such merger or consolidation, the shareholders of the Company as a group will hold less than a majority of the share capital of the surviving company;
- (c) the sale or other disposition of all or substantially all of the assets of the Company; or
- (d) a reorganisation occurs in which the Company:
 - (i) is not the surviving or acquiring company; or
 - (ii) is or becomes a wholly-owned subsidiary of another company,

after the effective date of the reorganisation unless provision is made by the acquiring company for the assumption of each Option granted under this Deed.

12.2. Notice of Terminating Event

- (a) The Board will give notice to the Grantee at least thirty (30) days before the consummation of a terminating event specified in this clause, if practicable and otherwise as soon as practicable before the consummation of a terminating event specified in this clause.
- (b) All Options granted under this Deed will become immediately exercisable upon the Board giving notice of the impending consummation of a terminating event.

13. POWERS OF THE BOARD

The provisions of this Deed will be administered by the Board.

The Board will have the power to:

- (a) determine appropriate procedures for administration of this Deed consistent with the terms of this Deed;

(b) resolve conclusively all questions of fact or interpretation in connection with this Deed; and

(c) delegate to any one or more persons the exercise of any of the powers or discretions arising under the Deed for such period and on such conditions as they may determine.

14. REORGANISATION

14.1. The Grantee will be notified of any alteration or variation of capital of the Company as soon as practicable after the alteration or variation of capital has occurred.

14.2. The rights of the Grantees will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of any reorganisation of capital, if the Listing Rules apply to the company at the time of the reorganisation.

15. NEW ISSUES IN THE COMPANY

The Grantee may not participate in new issues of Shares without exercising their Options if the Listing Rules apply to the Company at the time of the new issue and prevent such participation and otherwise the Grantee may participate in new issues of Shares as if their Options were Shares without exercising their Options.

16. DUTIES AND TAXES

The Company is not responsible for any duties or taxes that may become payable in connection with the issue and allotment of Shares pursuant to the exercise of the Options or any other dealing with the Options.

17. NOTICES

Any notice regarding the Options will be deemed to have been given to a Grantee if served personally on the Grantee, if left at the registered address of the Grantee as recorded in the Register of Options of the Company and/or the business day after the notice is sent to the registered address of the Grantee as recorded in the Register of Options of the Company.

18. COUNTERPARTS

This Deed may consist of a number of counterparts and, if so, the counterparts taken together constitute one instrument.

19. GOVERNING LAW

The Options are governed by, and construed in accordance with, the laws of New South Wales and the parties submit to the non-exclusive jurisdiction of the Courts of that State.

EXECUTED as a DEED

THE COMMON SEAL of)
SOLAR SAILOR HOLDINGS)
LIMITED)
A.C.N. 086 377 148)
was hereto affixed by authority of the)
Board of Directors in the presence)
of:)

.....
Director/Secretary

.....
Director

.....
Name (printed)

.....
Name (printed)

SIGNED as a DEED)
DAVID JAMES FRANKS)
in the presence of:)

)
.....)
Witness)

.....

)
)
)
.....)
Name (printed)

SCHEDULE ONE

GRANTEE	OPTIONS
David James Franks	The allotment of 100,000 options upfront.
TOTAL	100,000

SCHEDULE TWO
EXERCISE NOTICE

TO: Solar Sailor Holding Limited (the “Company”)

FROM:
(the “Grantee”)

The Grantee gives notice to the Company that the Grantee exercises Options Granted by the Company to the Grantee under the Option Deed between Solar Sailor Holdings Limited and David James Franks dated 17th November 2003 (the “Deed”).

The company will issue to the Grantee one Share for each Option exercised.

The Grantee directs the Company pursuant to clause 2.4 of the Deed, to issue the Shares in the following way:

NO. OF SHARES	NAME OF SHAREHOLDER

The Grantee encloses a cheque for the Exercise Price in respect of the Options exercised being \$.....

DATED

.....
Signature of Grantee

.....
Print Name:

“APPENDIX B”

OPTION DEED

BETWEEN

SOLAR SAILOR HOLDINGS LIMITED
A.C.N. 086 377 148
(the “Company”)

AND

JOHN PAUL O’CONNOR
(the “Grantee”)

THIS OPTION DEED is made on the 17th day of November 2003.

BETWEEN

SOLAR SAILOR HOLDINGS LIMITED A.C.N. 086 377 148 of C/- Franks & Associates Pty Ltd, Suite 206 – The Bentleigh, 1 Katherine Street, Chatswood, New South Wales, 2067 (the “**Company**”)

AND

JOHN PAUL O’CONNOR of 812/54 West Esplanade, Manly, New South Wales 2095 (the “**Grantee**”)

INTRODUCTION

- A. The Grantee is a director of the Company.
- B. The Company has agreed to grant Options over unissued Ordinary Shares in Capital of the Company to the Grantee on the terms of this Deed and the Grantee has agreed to accept the Options.

OPERATIVE PROVISIONS

1. INTERPRETATION

In this Deed, unless the context otherwise requires:

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day that is not Saturday or Sunday or a public holiday in the State of New South Wales;

“**Exercise Notice**” means a notice substantially in the form of Schedule 2;

“**Exercise Period**” means the period during which the Options may be exercised, being the period commencing on the earlier of the following dates:

- (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 other than the Parties to this Deed 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 other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company; and ending two (2) years after the date specified in (a) or (b), whichever is earlier.

“**Exercise Price**” means eighty-five cents (0.85) per Share;

“**Listing Rules**” means the Australian Stock Exchange’s current listing rules at the relevant time;

“**Options**” means the options to be granted to the Grantee as set out in Schedule 1;

“**Shares**” means fully-paid ordinary shares in the Company; and

In this Deed, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation; and
- (b) words importing singular include the plural and vice versa.

2. APPROVAL BY SHAREHOLDERS

The parties acknowledge that the terms of this Deed were approved at a General Meeting of the Company’s Members held on the 17th day of November 2003, pursuant to section 208 of the Corporations Law.

3. LISTING RULES

The parties acknowledge that the terms of this Deed have incorporated the requirements of the Listing Rules applicable to options even though they are not required to be incorporated as at the time of entering into this Deed as the Company was not a company listed on the stock exchange, but may seek listing at a later date.

4. GRANT OF OPTIONS

- 4.1. The Company grants Options to the Grantee in accordance with Schedule 1 and the Grantee accepts the Options the Company grants him.
- 4.2. Each Option entitles the Grantee to subscribe for one (1) Share at the Exercise Price, subject to the terms and conditions of this Deed.
- 4.3. The Grantee warrants that they have read and understood the terms and conditions of this Deed.
- 4.4. The Grantee may, in exercising some or all of his Options, direct the Company to issue some or all of the Shares to a nominee or nominees, with the approval of the directors of the Company (which will not be unreasonably withheld).

5. EXERCISE PERIOD

The Options are exercisable in part, or in whole, during the Exercise Period.

6. METHOD OF EXERCISE

A Grantee may exercise Options during the Exercise Period by sending to the Company:

- (a) an Exercise Notice; and
- (b) a cheque payable to the Company for an amount equal to the number of shares applied for in the Exercise Notice multiplied by the Exercise Price.

The Company will allot to the Grantee or the Grantee's nominee or nominees, the number of Shares specified in the Exercise Notice as soon as practicable after receiving (a) and (b) above.

7. LAPSE OF OPTIONS

7.1. Any Options not:

- (a) exercised in accordance with this Deed; or
- (b) exercised before the expiration of the Expiry Period, will lapse.

7.2. The Grantee will not be entitled to any compensation in relation to the lapse of the Options.

8. VOTING RIGHTS

A Grantee is not entitled to vote at any meeting of members of the Company in respect of the Options held by the Grantee.

9. TRANSFERABILITY OF OPTIONS

9.1. A Grantee will not transfer (including, without limitation, sell, mortgage, pledge or otherwise encumber) or assign any Option.

9.2. Every Option granted to a Grantee will immediately become void and of no effect if the Board becomes aware that the Grantee has committed an act of bankruptcy or is unable to pay their debts as they fall due.

10. DEATH OF GRANTEE

If a Grantee dies, any Options held by the Grantee will pass to the Grantee's legal heirs or personal representative and will be exercisable by that person either:

- (a) within a period of twelve (12) months from the date of the Grantee's death if either of the dates specified in (a) or (b) in the definition of "Exercise Period" have occurred; or

(b) otherwise within a period of twelve (12) months from the earlier of the dates specified in (a) or (b) in the definition of “Exercise Period”.

11. TERMINATING EVENT

11.1. Terminating Event

All Options granted under this Deed will terminate upon:

- (a) the dissolution or liquidation of the Company;
- (b) a merger or consolidation of the Company with one or more companies as a result of which, immediately following such merger or consolidation, the shareholders of the Company as a group will hold less than a majority of the share capital of the surviving company;
- (c) the sale or other disposition of all or substantially all of the assets of the Company; or
- (d) a reorganisation occurs in which the Company:
 - (i) is not the surviving or acquiring company; or
 - (ii) is or becomes a wholly-owned subsidiary of another company,

after the effective date of the reorganisation unless provision is made by the acquiring company for the assumption of each Option granted under this Deed.

11.2. Notice of Terminating Event

- (a) The Board will give notice to the Grantee at least thirty (30) days before the consummation of a terminating event specified in this clause, if practicable and otherwise as soon as practicable before the consummation of a terminating event specified in this clause.
- (b) All Options granted under this Deed will become immediately exercisable upon the Board giving notice of the impending consummation of a terminating event.

12. POWERS OF THE BOARD

The provisions of this Deed will be administered by the Board.

The Board will have the power to:

- (a) determine appropriate procedures for administration of this Deed consistent with the terms of this Deed;

(b) resolve conclusively all questions of fact or interpretation in connection with this Deed; and

(c) delegate to any one or more persons the exercise of any of the powers or discretions arising under the Deed for such period and on such conditions as they may determine.

13. REORGANISATION

13.1. The Grantee will be notified of any alteration or variation of capital of the Company as soon as practicable after the alteration or variation of capital has occurred.

13.2. The rights of the Grantees will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of any reorganisation of capital, if the Listing Rules apply to the company at the time of the reorganisation.

14. NEW ISSUES IN THE COMPANY

The Grantee may not participate in new issues of Shares without exercising their Options if the Listing Rules apply to the Company at the time of the new issue and prevent such participation and otherwise the Grantee may participate in new issues of Shares as if their Options were Shares without exercising their Options.

15. DUTIES AND TAXES

The Company is not responsible for any duties or taxes that may become payable in connection with the issue and allotment of Shares pursuant to the exercise of the Options or any other dealing with the Options.

16. NOTICES

Any notice regarding the Options will be deemed to have been given to a Grantee if served personally on the Grantee, if left at the registered address of the Grantee as recorded in the Register of Options of the Company and/or the business day after the notice is sent to the registered address of the Grantee as recorded in the Register of Options of the Company.

17. COUNTERPARTS

This Deed may consist of a number of counterparts and, if so, the counterparts taken together constitute one instrument.

18. GOVERNING LAW

The Options are governed by, and construed in accordance with, the laws of New South Wales and the parties submit to the non-exclusive jurisdiction of the Courts of that State.

EXECUTED as a DEED

THE COMMON SEAL of)
SOLAR SAILOR HOLDINGS)
LIMITED)
A.C.N. 086 377 148)
was hereto affixed by authority of the)
Board of Directors in the presence)
of:)

.....
Director/Secretary

.....
Director

.....
Name (printed)

.....
Name (printed)

SIGNED as a DEED)
JOHN PAUL O’CONNOR)
in the presence of:)

.....)
Witness)

.....

.....)
Name (printed)

SCHEDULE ONE

GRANTEE	OPTIONS
John Paul O'Connor	The allotment of 100,000 options upfront.
TOTAL	100,000

SCHEDULE TWO
EXERCISE NOTICE

TO: Solar Sailor Holding Limited (the “Company”)

FROM:
(the “Grantee”)

The Grantee gives notice to the Company that the Grantee exercises Options Granted by the Company to the Grantee under the Option Deed between Solar Sailor Holdings Limited and John Paul O’Connor dated 17th November 2003 (the “Deed”).

The company will issue to the Grantee one Share for each Option exercised.

The Grantee directs the Company pursuant to clause 2.4 of the Deed, to issue the Shares in the following way:

NO. OF SHARES	NAME OF SHAREHOLDER

The Grantee encloses a cheque for the Exercise Price in respect of the Options exercised being \$.....

DATED

.....
Signature of Grantee

.....
Print Name:

“APPENDIX C”

OPTION DEED

BETWEEN

**SOLAR SAILOR HOLDINGS LIMITED
A.C.N. 086 377 148
(the “Company”)**

AND

**ROBERT JAMES LEE HAWKE
DAVID CASSIDY
SUSAN ENID DANE
DAVID MICHAEL KELLY
DAVID FOX
(the “Grantees”)**

THIS OPTION DEED is made on the 17th day of November 2003.

BETWEEN

SOLAR SAILOR HOLDINGS LIMITED A.C.N. 086 377 148 of C/- Franks & Associates Pty Ltd, Suite 206 – The Bentleigh, 1 Katherine Street, Chatswood, New South Wales, 2067 (the “**Company**”)

AND

ROBERT JAMES LEE HAWKE of 3 Minimbah Road, Northbridge, New South Wales, 2063

AND

DAVID CASSIDY of Apt A805, Watermark Pavilion, 24 Point Street, Pyrmont, New South Wales, 2089

AND

SUSAN ENID DANE of 100 Kenneth Street, Longueville, New South Wales, 2066

AND

DAVID MICHAEL KELLY of 14 Bartil Close, Epping, New South Wales, 2121

AND

DAVID FOX of 57 45th Avenue, San Francisco, California, USA, 94121

(the “**Grantees**”)

INTRODUCTION

- A. The Grantees are directors of the Company.
- B. The Company has agreed to grant Options over unissued Ordinary Shares in Capital of the Company to the Grantee on the terms of this Deed and the Grantees have agreed to accept the Options.

OPERATIVE PROVISIONS

1. INTERPRETATION

In this Deed, unless the context otherwise requires:

“**Board**” means the board of directors of the Company;

2. **“Business Day”** means a day that is not Saturday or Sunday or a public holiday in the State of New South Wales;

“Exercise Notice” means a notice substantially in the form of Schedule 2;

“Exercise Period” means the period during which the Options may be exercised, being the period commencing on the earlier of the following dates:

- (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 other than the Parties to this Deed 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 other than the parties to this Deed and the first instalment of any consideration payable in accordance with the terms of the sale agreement has been paid to the Company; and ending two (2) years after the date specified in (a) or (b), whichever is earlier.

“Exercise Price” means one dollar (\$1.00) per Share;

“Listing Rules” means the Australian Stock Exchange’s current listing rules at the relevant time;

“Options” means the options to be granted to the Grantees as set out in Schedule 1;

“Shares” means fully-paid ordinary shares in the Company; and

In this Deed, unless the context otherwise requires:

- (c) headings are for convenience only and do not affect the interpretation; and
- (d) words importing singular include the plural and vice versa.

3. APPROVAL BY SHAREHOLDERS

The parties acknowledge that the terms of this Deed were approved at a General Meeting of the Company’s Members held on the 17th day of November 2003, pursuant to section 208 of the Corporations Law.

4. LISTING RULES

The parties acknowledge that the terms of this Deed have incorporated the requirements of the Listing Rules applicable to options even though they are not required to be incorporated as at the time of entering into this Deed as the Company was not a company listed on the stock exchange, but may seek listing at a later date.

5. GRANT OF OPTIONS

- 5.1. The Company grants Options to the Grantees in accordance with Schedule 1 and the Grantees accepts the Options the Company grants him.
- 5.2. Each Option entitles the Grantees to subscribe for one (1) Share at the Exercise Price, subject to the terms and conditions of this Deed.
- 5.3. The Grantees warrant that they have read and understood the terms and conditions of this Deed.
- 5.4. The Grantees may, in exercising some or all of his Options, direct the Company to issue some or all of the Shares to a nominee or nominees, with the approval of the directors of the Company (which will not be unreasonably withheld).

6. EXERCISE PERIOD

The Options are exercisable in part, or in whole, during the Exercise Period.

7. METHOD OF EXERCISE

A Grantee may exercise Options during the Exercise Period by sending to the Company:

- (a) an Exercise Notice; and
- (b) a cheque payable to the Company for an amount equal to the number of shares applied for in the Exercise Notice multiplied by the Exercise Price.

The Company will allot to the Grantees or the Grantees' nominee or nominees, the number of Shares specified in the Exercise Notice as soon as practicable after receiving (a) and (b) above.

8. LAPSE OF OPTIONS

8.1. Any Options not:

- (a) exercised in accordance in accordance with this Deed; or
- (b) exercised before the expiration of the Expiry Period, will lapse.

8.2. The Grantees will not be entitled to any compensation in relation to the lapse of the Options.

9. VOTING RIGHTS

A Grantee is not entitled to vote at any meeting of members of the Company in respect of the Options held by the Grantee.

10. TRANSFERABILITY OF OPTIONS

10.1. A Grantee will not transfer (including, without limitation, sell, mortgage, pledge or otherwise encumber) or assign any Option.

10.2. Every Option granted to a Grantee will immediately become void and of no effect if the Board becomes aware that the Grantee has committed an act of bankruptcy or is unable to pay their debts as they fall due.

11. DEATH OF GRANTEE

If a Grantee dies, any Options held by the Grantee will pass to the Grantee's legal heirs or personal representative and will be exercisable by that person either:

(a) within a period of twelve (12) months from the date of the Grantee's death if either of the dates specified in (a) or (b) in the definition of "Exercise Period" have occurred; or

(b) otherwise within a period of twelve (12) months from the earlier of the dates specified in (a) or (b) in the definition of "Exercise Period".

12. TERMINATING EVENT

12.1. Terminating Event

All Options granted under this Deed will terminate upon:

(a) the dissolution or liquidation of the Company;

(b) a merger or consolidation of the Company with one or more companies as a result of which, immediately following such merger or consolidation, the shareholders of the Company as a group will hold less than a majority of the share capital of the surviving company;

(c) the sale or other disposition of all or substantially all of the assets of the Company; or

(d) a reorganisation occurs in which the Company:

(i) is not the surviving or acquiring company; or

(ii) is or becomes a wholly-owned subsidiary of another company,

after the effective date of the reorganisation unless provision is made by the acquiring company for the assumption of each Option granted under this Deed.

12.2. Notice of Terminating Event

(a) The Board will give notice to the Grantee at least thirty (30) days before the consummation of a terminating event specified in this clause, if practicable and otherwise as soon as practicable before the consummation of a terminating event specified in this clause.

(b) All Options granted under this Deed will become immediately exercisable upon the Board giving notice of the impending consummation of a terminating event.

13. POWERS OF THE BOARD

The provisions of this Deed will be administered by the Board.

The Board will have the power to:

(a) determine appropriate procedures for administration of this Deed consistent with the terms of this Deed;

(b) resolve conclusively all questions of fact or interpretation in connection with this Deed; and

delegate to any one or more persons the exercise of any of the powers or discretions arising under the Deed for such period and on such conditions as they may determine.

14. REORGANISATION

14.1. The Grantees will be notified of any alteration or variation of capital of the Company as soon as practicable after the alteration or variation of capital has occurred.

14.2. The rights of the Grantees will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of any reorganisation of capital, if the Listing Rules apply to the company at the time of the reorganisation.

15. NEW ISSUES IN THE COMPANY

The Grantees may not participate in new issues of Shares without exercising their Options if the Listing Rules apply to the Company at the time of the new issue and prevent such participation and otherwise the Grantees may participate in new issues of Shares as if their Options were Shares without exercising their Options.

16. DUTIES AND TAXES

The Company is not responsible for any duties or taxes that may become payable in connection with the issue and allotment of Shares pursuant to the exercise of the Options or any other dealing with the Options.

17. NOTICES

Any notice regarding the Options will be deemed to have been given to a Grantee if served personally on the Grantee, if left at the registered address of the Grantee as recorded in the Register of Options of the Company and/or the business day after the notice is sent to the registered address of the Grantee as recorded in the Register of Options of the Company.

18. COUNTERPARTS

This Deed may consist of a number of counterparts and, if so, the counterparts taken together constitute one instrument.

19. GOVERNING LAW

The Options are governed by, and construed in accordance with, the laws of New South Wales and the parties submit to the non-exclusive jurisdiction of the Courts of that State.

EXECUTED as a DEED

THE COMMON SEAL of)
SOLAR SAILOR HOLDINGS)
LIMITED)
A.C.N. 086 377 148)
was hereto affixed by authority of the)
Board of Directors in the presence)
of:)

.....
Director/Secretary

.....
Director

.....
Name (printed)

.....
Name (printed)

SIGNED as a DEED)
ROBERT JAMES LEE HAWKE)
in the presence of:)

.....)
Witness)

.....

)
)
)
.....)

Name (printed)

SIGNED as a DEED)
DAVID CASSIDY)
in the presence of:)
)
.....)
Witness)
)
)
.....)
Name (printed)

.....

SIGNED as a DEED)
SUSAN ENID DANE)
in the presence of:)
)
.....)
Witness)
)
)
.....)
Name (printed)

.....

SIGNED as a DEED)
DAVID MICHAEL KELLY)
in the presence of:)
)
.....)
Witness)
)
)
.....)
Name (printed)

.....

SIGNED as a DEED)
DAVID FOX)
in the presence of:)
)
.....)
Witness)
)
)
.....)
Name (printed)

.....

**SCHEDULE ONE
GRANTEE**

OPTIONS

Robert James Lee Hawke

4,167 options on 28th December 2002, 28th January 2003, 28th February 2003, 28th March 2003, 28th April 2003, 28th May 2003, 28th June 2003, 28th July 2003, 28th August 2003, 28th September 2003, 28th October 2003, 28th November 2003, 28th December 2003, 28th January 2004, 28th February 2004, 28th March 2004, 28th April 2004, 28th May 2004, 28th June 2004, 28th July 2004, 28th August 2004, 28th September 2004, 28th October 2004 and 4,159 on 28th November 2004 contingent on grantee being a Director on the stipulated date and to a maximum of 100,000 options in total.

David Cassidy

4,167 options on 28th December 2002, 28th January 2003, 28th February 2003, 28th March 2003, 28th April 2003, 28th May 2003, 28th June 2003, 28th July 2003, 28th August 2003, 28th September 2003, 28th October 2003, 28th November 2003, 28th December 2003, 28th January 2004, 28th February 2004, 28th March 2004, 28th April 2004, 28th May 2004, 28th June 2004, 28th July 2004, 28th August 2004, 28th September 2004, 28th October 2004 and 4,159 on 28th November 2004 contingent on grantee being a Director on the stipulated date and to a maximum of 100,000 options in total.

Susan Enid Dane

4,167 options on 7th February 2003, 7th March 2003, 7th April 2003, 7th May 2003, 7th June 2003, 7th July 2003, 7th August 2003, 7th September 2003, 7th October 2003, 7th November 2003, 7th December 2003, 7th January 2004, 7th February 2004, 7th March 2004, 7th April 2004, 7th May 2004, 7th June 2004, 7th July 2004, 7th August 2004, 7th September 2004, 7th October 2004, 7th November 2004, 7th December 2004 and 4,159 on 7th January 2005 contingent on grantee being a Director on the stipulated date and to a maximum of 100,000 options in total.

SCHEDULE ONE (continued)
GRANTEE

OPTIONS

David Michael Kelly

4,167 options on 7th February 2003, 7th March 2003, 7th April 2003, 7th May 2003, 7th June 2003, 7th July 2003, 7th August 2003, 7th September 2003, 7th October 2003, 7th November 2003, 7th December 2003, 7th January 2004, 7th February 2004, 7th March 2004, 7th April 2004, 7th May 2004, 7th June 2004, 7th July 2004, 7th August 2004, 7th September 2004, 7th October 2004, 7th November 2004, 7th December 2004 and 4,159 on 7th January 2005 contingent on grantee being a Director on the stipulated date and to a maximum of 100,000 options in total.

David Fox

4,167 options on 3rd March 2003, 3rd April 2003, 3rd May 2003, 3rd June 2003, 3rd July 2003, 3rd August 2003, 3rd September 2003, 3rd October 2003, 3rd November 2003, 3rd December 2003, 3rd January 2004, 3rd February 2004, 3rd March 2004, 3rd April 2004, 3rd May 2004, 3rd June 2004, 3rd July 2004, 3rd August 2004, 3rd September 2004, 3rd October 2004, 3rd November 2004, 3rd December 2004, 3rd January 2005 and 4,159 on 3rd February 2005 contingent on grantee being a Director on the stipulated date and to a maximum of 100,000 options in total.

TOTAL

500,000

SCHEDULE TWO
EXERCISE NOTICE

TO: Solar Sailor Holding Limited (the “Company”)

FROM:
(the “Grantee”)

The Grantee gives notice to the Company that the Grantee exercises Options Granted by the Company to the Grantee under the Option Deed between Solar Sailor Holdings Limited and Robert James Lee Hawke and David Cassidy and Susan Enid Dane and David Michael Kelly and David Fox dated 17th November 2003 (the “Deed”).

The company will issue to the Grantee one Share for each Option exercised.

The Grantee directs the Company pursuant to clause 2.4 of the Deed, to issue the Shares in the following way:

NO. OF SHARES	NAME OF SHAREHOLDER

The Grantee encloses a cheque for the Exercise Price in respect of the Options exercised being \$.....

DATED

.....
Signature of Grantee

.....
Print Name:

“APPENDIX D”

SOLAR SAILOR HOLDINGS LIMITED
A.C.N. 086 377 148

AND

SUSAN KELLY

AMENDMENT TO AGREEMENT TITLED
“ISSUE OF 200 SECURED CONVERTIBLE NOTES OF \$1,000
EACH”

DATED
29 FEBRUARY 2000

AND SUBSEQUENT AMENDMENT
DATED 30 JUNE 2001

AMENDMENT

THIS AMENDMENT is made on the 31 December 2002

BETWEEN Solar Sailor Holdings Limited, ACN 086 377 148, of Suite 206 “The Bentleigh, 1 Katherine Street, Chatswood, New South Wales (“**SSHL**”);

AND Susan Kelly, of 1/47 Coolawin Road, Northbridge New South Wales (“**SK**”);

WHEREAS:-

- A. SSHL and SK entered into the following:
- (i) a convertible note agreement dated 29 February 2000.
 - (ii) An amendment to Item A(i) dated 30 June 2001.
- B. The parties wish to record the terms of amending the convertible note agreement dated 29 February 2000 and subsequent amendment agreement dated 30 June 2001.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. CONVERSION

- a. It is agreed that Clause 5.2 of the Convertible Note Agreement dated 29 February 2000 and Clause 2(a) of the Amendment Agreement dated 30 June 2001 will be changed to the following:

“A note may be converted at anytime after the date of issue of the note up to and including 5.00pm on 31 December 2003 (“**Final Conversion Date**”). The parties to this agreement may extend the final conversion date for a period of up to 12 months from 31 December 2003 should both parties agree to this extension in writing.”

2. APPLICABLE LAW

This agreement shall be governed by the law of the State of New South Wales, and the parties submit to the non-exclusive jurisdiction of the Courts of that State in relation to this Agreement.

3. VARIATION & WAIVER

An amendment or variation to this Agreement is not effective unless it is in writing and signed by the parties.

A waiver is not effective unless in writing.

4. SEVERABILITY

If any provisions of this Agreement shall be invalid, void or unenforceable, all other provisions which are capable of separate enforcement without regard to the invalid or unenforceable provisions shall be and continue to be of full force and effect in accordance with their terms.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and in the year first hereinbefore written.

THE COMMON SEAL of)
SOLAR SAILOR HOLDINGS LIMITED)
A.C.N. 086 377 148)
Was hereto affixed by authority of the)
Board of Directors in the presence of:)

.....
Director

.....
Director

SIGNED, SEALED AND DELIVERED)
By Susan Kelly :)

.....
Witness

.....
Susan Kelly