

**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 Friday, 19<sup>th</sup> day of November 2004 at 3.30pm Sydney time. Embarking times for the Solar Sailor vessel is 3.15pm at 'Man o War Steps' Sydney Opera House (eastern side of Opera House between Opera House and Botanical Gardens – overlooking Farm Cove) New South Wales, with registration commencing from 3.00pm. The vessel will return to the Opera House at 4.15pm.

**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 2004”.

Second Resolution : As an Ordinary Resolution

“**That** the Company appoints Williams Hatchman & Kean as Auditors of the Company for the year ended 30 June 2005 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** Robert James Lee Hawke be re-elected as a Director of the Company”.

Fifth Resolution : As an Ordinary Resolution

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

Sixth Resolution : As an Ordinary Resolution

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

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

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

- *Any director who would be classified as an Eligible Employee under the Option Plan Rules and any associate of such director (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 any director who would be classified as an Eligible Employee or any of his associates (including any corporate entities controlled by them).*

#### Seventh Resolution : As an Ordinary Resolution

**“That** the Company be authorised to execute on behalf of the Company the Loan Agreement between the Company and Bende Holdings Pty Ltd annexed to the Notice of Meeting and marked “B”

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

- *David Michael Kelly and any associate of 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 Michael Kelly or any of his associates (including any corporate entities controlled by them).*

#### Eighth 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 19<sup>th</sup> November 2004 annexed to the Notice of Meeting and marked “C”:

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  
AND SUBSEQUENT AMENDMENT  
DATED 31 DECEMBER 2002”.

#### Ninth 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

Robert James Lee Hawke 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.

### Fifth 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.

## Sixth Resolution

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

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#### **APPROVAL OF OPTION PLAN RULES**

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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:

Any director who would be defined as an Eligible Employee under the Option Plan Rules

(b) **Financial Benefits**

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

Any director who would be defined as an Eligible Employee under the Option Plan Rules - the allotment of up to 5% of the share capital in aggregate to Eligible Employees.

The Exercise Price and Exercise Period applicable to any Options to be offered under the Option Plan will, at or before the time of issuing an invitation to Eligible Employees to subscribe for Options, be determined by the Board in its absolute discretion. Subject to any restrictions in the Corporations Act 2001 (Cth), the Board may in its absolute discretion impose on the Options such other terms as it considers appropriate.

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.

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A copy of the full Option Plan Rules is attached as Appendix A.

**(c) Recommendations and Interests**

Each director has recommended the adoption of the resolution on the grounds it is in the interests of the Company to reward its Eligible Employees for the successful performance of the Company, to give the Eligible Employees an incentive to build the business of the Company as an optionholder. All directors who would be defined as Eligible Employees 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, David Fox, David Franks 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 Eligible Employees for the successful performance of the Company, to give the Eligible Employees 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 Eligible Employees
- 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 following terms:

Each Option may be exercised to purchase one ordinary share in the Company at an exercise price as stipulated in the table below 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:

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

<u>Director</u>	<u>Options</u>	<u>Members meeting</u>	<u>Exercise Price</u>
Robert Dane	2,039,170	27 May 1999	\$0.85
Graham Kelly (*)	200,000	27 May 1999	\$0.85
John Paterson (*)	100,000	27 May 1999	\$0.85
Paul Scully-Power (*)	100,000	21 February 2000	\$0.85
David Franks	100,000	17 November 2003	\$0.85
John O'Connor (*)	100,000	17 November 2003	\$0.85
Robert Hawke	100,000	17 November 2003	\$1.00
Susan Dane	100,000	17 November 2003	\$1.00
David Cassidy	100,000	17 November 2003	\$1.00
David Fox	100,000	17 November 2003	\$1.00
David Kelly	100,000	17 November 2003	\$1.00

(\*) no longer a Director of the company

## **2. *Estimate of present value of options being issued to Eligible Employees***

Under the terms of the Option Plan Rules, the Exercise Price and Exercise Period applicable to any Options to be offered under the Option Plan will, at or before the time of issuing an invitation to Eligible Employees to subscribe for Options, be determined by the Board in its absolute discretion. Subject to any restrictions in the Corporations Act 2001 (Cth), the Board may in its absolute discretion impose on the Options such other terms as it considers appropriate. As such, the Board is unable to determine the value as no options have been issued and no terms set under the Option Plan Rules.

3. *A summary of all elements of current directors packages for the year ended 30 June 2004*

- Robert Dane : \$16,000 per annum in cash or shares for Consulting/director Fees  
Wages/consultancy totalling \$119,600  
Superannuation totalling \$1,206  
Provision of motor vehicle expense payments totalling \$5,725  
Provision of office expenses totalling \$3,600  
2,039,170 options over ordinary shares
- David Franks : \$16,000 per annum in cash or shares for Consulting/Directors Fees  
Consulting fee to a related party comprising a rate per hour.  
Total fees for the period from 1/7/03 to 30/6/04 totalled \$42,000.  
100,000 options over ordinary shares
- Robert Hawke : \$16,000 per annum in cash or shares for Consulting/Directors Fees  
100,000 options over ordinary shares
- David Cassidy : \$16,000 per annum in cash or shares for Consulting/Directors Fees  
100,000 options over ordinary shares
- Susan Dane : \$16,000 per annum in cash or shares for Consulting/Directors Fees  
100,000 options over ordinary shares
- David Kelly : \$16,000 per annum in cash or shares for Consulting/Directors Fees  
100,000 options over ordinary shares
- David Fox : \$16,000 per annum in cash or shares for Consulting/Directors Fees  
100,000 options over ordinary shares

**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 any Eligible Employees defined under the Option Plan Rules 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).

Seventh Resolution

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

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**APPROVAL OF LOAN 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:

Bende Holdings Pty Ltd – related party to David Kelly (Director)

**(b) Financial Benefits**

The financial benefits are the revision of the previous Loan Agreements with Bende Holdings Pty Ltd, with the main alterations being:

FROM

- Interest payable at 10.0 per cent per annum
- Principal and accrued interest payable upon Solar Sailor Holdings Limited raising \$1,500,000 since the loan was advanced
- Unsecured

TO

- Interest payable at 7.0 per cent per annum
- Repayments made will be first offset against Accrued Interest, with any remainder of payments offset against Principal until both are fully repaid, with the repayments due and payable as follows:

- (a) 10% of all Capital Raisings by SSHL from 1<sup>st</sup> April 2004 will be paid to Bende as a repayment or if 10% exceeds the outstanding liabilities, the amount of the outstanding liability;

- (b) 10% of any royalties, income or loans paid by any of SSHL's international subsidiaries or divisions to SSHL will be paid to Bende as a repayment or if 10% exceeds the outstanding liabilities, the amount of the outstanding liability; and
  - (c) Notwithstanding items 5.1(a) and 5.1(b), SSHL has the option to repay the outstanding liability at its discretion at any time.
- secured by a registered fixed and floating charge over all of the assets and undertaking of the Company.

## **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 additional security for the loan with potentially longer repayment terms and lower interest return.

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 loans at a reduced interest and with security rather than requiring the earlier repayment of the loan, although presently unsecured.

### **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 B.

Eighth 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 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 29<sup>th</sup> 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 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.

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 2005 (“**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 2005 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.

## **2. 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 C.

### **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 Wednesday 17<sup>th</sup> November 2004 ("**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 Wednesday 17<sup>th</sup> November 2004, 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 15<sup>th</sup> day of October 2004  
By Order of the Board

A handwritten signature in black ink, appearing to read 'D J Franks', with a long horizontal flourish extending to the right.

David Franks  
Company Secretary