

**SOLVERDI WORLDWIDE LIMITED
(Subject to Deed of Company Arrangement)
(ACN 096 687 839)
(to be renamed “SWW Energy Limited”)**

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT
AND
INDEPENDENT EXPERT’S REPORT**

Annual General Meeting to be held at The Country Women’s Association of Western Australia (Inc), 1176 Hay Street, West Perth WA 6005 on 19 April 2011 commencing at 10:00 am (WST).

This Notice of Annual General Meeting, Explanatory Statement and Independent Expert’s Report should be read in its entirety.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

The Independent Expert reporting on the Recapitalisation Proposal concludes that the Recapitalisation Proposal is FAIR AND REASONABLE to the non-associated Shareholders of the Company.

**RECAPITALISATION PROPOSAL OF
SOLVERDI WORLDWIDE LIMITED
(Subject to Deed of Company Arrangement)
(to be renamed “SWW Energy Limited”)
(ACN 096 687 839)**

General Information

This Notice of Annual General Meeting and Explanatory Statement sets out information about the proposed recapitalisation of the Company.

Details of the Recapitalisation Proposal are provided in Section 2 of the Explanatory Statement. A short explanation of each Resolution to be considered at the Annual General Meeting is set out in Section 3 of the Explanatory Statement. Definitions of capitalised terms used in the Notice of Annual General Meeting and Explanatory Statement are set out in Section 6 of the Explanatory Statement.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company.

If the Resolutions are passed and the proposed recapitalisation is completed, the Company would be in a position to seek reinstatement to trading of its securities on ASX. This reinstatement will be subject to compliance with ASX and Corporations Act regulatory requirements.

If Shareholders reject the proposed recapitalisation, it is possible that the Company may proceed into liquidation. In those circumstances, it is unlikely there will be any return to Shareholders.

The Resolutions are therefore important and affect the future of your Company. You are urged to give careful consideration to the Notice of Annual General Meeting and the contents of the Explanatory Statement.

**NOTICE OF GENERAL MEETING
SOLVERDI WORLDWIDE LIMITED
(Subject to Deed of Company Arrangement)
(ACN 096 687 839)
(to be renamed "SWW Energy Limited")**

Notice is given that an Annual General Meeting of Shareholders of Solverdi Worldwide Limited will be held at The Country Women's Association of Western Australia (Inc), 1176 Hay Street, West Perth WA 6005 on 19 April 2011 commencing at 10:00 am (WST).

SPECIAL BUSINESS

The business to be transacted at the Annual General Meeting is the proposal of the Resolutions 1 to 12 as set out below.

Resolution 1 – Consolidation of Capital

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Resolutions 2 to 7 (inclusive) being passed, in accordance with section 254H of the Corporations Act, Listing Rule 7.20 and the Company's Constitution and for all other purposes, approval be and is hereby given to the consolidation of the Existing Shares and Existing Options in the Company on a 1 for 3 basis as detailed in the Explanatory Statement, with any fractional entitlements being rounded down to the nearest whole number."

Resolution 2 – Reduction of Capital

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Resolutions 1 and 3 to 7 (inclusive) being passed, in accordance with sections 256B and 258F of the Corporations Act and for all other purposes, approval be and is hereby given for the share capital of the Company to be reduced by applying an amount being a portion of the accumulated losses of the Company against the share capital which is considered permanently lost as detailed in the accompanying Explanatory Statement."

Resolution 3 – Issue of New Shares and New Options – Hemisphere Investment Partners or its Nominees

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Resolutions 1, 2 and 4 to 7 (inclusive) being passed, in accordance with Listing Rule 10.11 and section 208(1) and item 7 of section 611 of the Corporations Act and for all other purposes, approval be and is hereby given, to the issue of:

- (a) 60,000,000 New Shares at an issue price of not less than \$0.005 per share (Investor Group Placement);

- (b) 35,000,000 New Shares at an issue price of not less than \$0.0001 per share (Proponent Shares);
- (c) 80,000,000 New Options exercisable at 1 cent each at any time before 31 December 2014 (Proponent Options); and
- (d) 80,000,000 New Shares upon exercise of the Options referred to in paragraph (c) above,

to Hemisphere Investment Partners or its nominees under the Prospectus (on a post Consolidation basis), as detailed in the accompanying Explanatory Statement.”

Resolution 4 – Issue of New Shares – Prospectus Issue

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1 to 3 (inclusive) and 5 to 7 (inclusive) being passed, in accordance with Listing Rule 7.1 and item 7 of section 611 of the Corporations Act and for all other purposes, approval be and is hereby given to the issue of up to 220,000,000 New Shares at an issue price of not less than 1 cent each to raise not less than \$2,200,000 under a Prospectus (on a post Consolidation basis).”

Resolution 5 – Participation by Directors in Share Issue

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1 to 4 (inclusive) and 6 to 7 (inclusive) being passed, in accordance with Listing Rule 10.11 and item 7 of section 611 of the Corporations Act and for all other purposes, approval be and is hereby given to allow the Company to issue New Shares to the Directors and/or their Associates on the same terms and conditions as those offered under the Prospectus contemplated by Resolution 4 and in the amounts detailed in the accompanying Explanatory Statement.”

Resolution 6 – Issue of New Shares – Hemisphere Investment Partners or its Nominees (Conversion of Deposit Loan)

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1 to 5 (inclusive) and 7 being passed, in accordance with Listing Rule 10.11 and section 208(1) and item 7 of section 611 of the Corporations Act and for all other purposes, approval be and is hereby given to the issue of 15,000,000 New Shares at an issue price of not less than \$0.005 per share to Hemisphere Investment Partners or its nominees as a priority offer under the Prospectus (on a post Consolidation basis).”

Resolution 7 – Issue of New Shares – Hemisphere Investment Partners or its Nominees (Proponent Fee Shares)

To propose and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1 to 6 (inclusive) being passed, in accordance with Listing Rule 10.11 and section 208(1) and item 7 of section 611 of the Corporations Act and for all other purposes, approval be and is hereby given to the issue of 20,000,000 New Shares to Hemisphere Investment Partners or its nominees as a priority offer under the Prospectus (on a post Consolidation basis).”

Resolution 8 – Adoption of New Constitution

To propose and, if thought fit, to pass the following resolution as a **special resolution**:

“That, in accordance with section 136(2) of the Corporations Act and for all other purposes, approval be and is hereby given to allow the Company to adopt the Constitution tabled at the Annual General Meeting, and signed by the Chairman for the purpose of identification, as its constitution in substitution for and to the exclusion of the Company’s existing constitution which, on the passing of this Resolution, is repealed.”

Resolution 9 – Change of Name

To propose and, if thought fit, to pass the following resolution as a **special resolution**:

“That, in accordance with section 157 of the Corporations Act and for all other purposes, approval be and is hereby given to allow the Company to change its name to SWW Energy Limited.”

Resolution 10 – Election of Mr Benjamin Bussell

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 7 (inclusive), for the purposes of clause 44.2 of the Company’s Constitution and for all other purposes, Mr Benjamin Bussell, having been nominated and given his consent to act, be elected as a director of the Company.”

Resolution 11 – Election of Mr Gino D’Anna

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 7 (inclusive), for the purposes of clause 44.2 of the Company’s Constitution and for all other purposes, Mr Gino D’Anna, having been nominated and given his consent to act, be elected as a director of the Company.”

Resolution 12 – Election of Mr Darren Olsen

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 7 (inclusive), for the purposes of clause 44.2 of the Company’s Constitution and for all other purposes, Mr Darren Olsen, having been nominated and given his consent to act, be elected as a director of the Company.”

Voting Exclusion Statement

The following voting exclusion statement applies to the Resolutions under the Listing Rules or where applicable, the provisions of the Corporations Act in relation to the following persons (**Excluded Persons**). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons:

Resolution Number	Title	Excluded Persons
3	Issue of New Shares and New Options to Hemisphere Investment Partners and/or its nominee	Hemisphere Investment Partners, Benjamin Bussell, Gino D'Anna, Darren Olsen or their nominees, and any of their Associates.
4	Issue of New Shares – Prospectus Issue	Any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder of ordinary securities, if the resolution is passed, and any of their Associates.
5	Right to Apply under the Prospectus Issue by the Directors and/or their Associates	The Directors and any Associate of the Directors.
6	Issue of New Shares – Hemisphere Investment Partners or its Nominees (Conversion of Deposit Loan)	Hemisphere Investment Partners or its nominees, and any of their Associates.
7	Issue of New Shares – Hemisphere Investment Partners or its Nominees (Proponent Fee Shares)	Hemisphere Investment Partners, Benjamin Bussell, Gino D'Anna, Darren Olsen or their nominees, and any of their Associates.

However the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it.

Resolutions 1 to 7 (inclusive) and 10 to 12 (inclusive) are subject to and conditional upon each other. Accordingly, the Resolutions should be considered collectively as well as individually.

Shareholders are specifically referred to Section 6 of the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

Proxies

To vote by proxy, please complete and sign the enclosed proxy form and return by the time and in accordance with the instructions set out on the proxy form.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Company has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5:00 pm (WST) on the date which is 2 business days prior to the Annual General Meeting. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlement to attend and vote at the Annual General Meeting.

Dated: 17 March 2011

By Order of the Board



Gino D'Anna
Director
Solverdi Worldwide Limited

EXPLANATORY STATEMENT TO SHAREHOLDERS

RECAPITALISATION OF SOLVERDI WORLDWIDE LIMITED (Subject to Deed of Company Arrangement)

ACN 096 687 839

(to be renamed “SWW Energy Limited”)

IMPORTANT NOTICE

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the resolutions contained in the Notice of Annual General Meeting. The Deed Administrators have given their consent to convene the meeting and to despatch this Explanatory Statement and the accompanying Notice of Meeting, but have taken no part in the preparation of those documents and express no opinion about the resolutions contained in the Notice of Annual General Meeting, other than that set out in their report to the Company’s creditors dated 9 September 2010. In particular, the Deed Administrators have not undertaken any due diligence in relation to the resolutions contained in the Notice of Annual General Meeting. They have relied on discussions with Hemisphere Investment Partners Pty Ltd and its advisors.

Shareholders should read this Explanatory Statement and the accompanying Independent Expert’s Report in full and if they have any questions, obtain professional advice before making any decisions in relation to the resolutions to be put to Shareholders at the meeting.

This Explanatory Statement includes information and statements that are both historical and forward-looking. To the extent that any statements relate to future matters, Shareholders should consider that they are subject to risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mineral exploration sector as well as matters such as general economic conditions. Actual events or results may differ materially. None of the Company, its Directors, the Deed Administrators or their advisors can assure Shareholders that forecast or implied results will be achieved.

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EXPLANATORY STATEMENT

1 INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in Section 6 of this Explanatory Statement.

2 THE RECAPITALISATION PROPOSAL

2.1 What is a Recapitalisation Proposal?

A recapitalisation proposal typically involves an injection of new cash (by way of issuing new securities) into a company that is either in financial distress or has been placed into voluntary administration.

In the ordinary course, the entity in question will retain some or all of its assets and seek reinstatement to trading following completion of a recapitalisation proposal.

That is what is proposed by the Resolutions set out in this Notice of Meeting. The background on Solverdi and an overview of the Recapitalisation Proposal is set out in the balance of this Section of the Explanatory Statement below.

2.2 Background to Company

At the peak of its operations, Solverdi Worldwide Limited was characterised as the world's first renewable utility. The Company offered customers a "behind the meter" solution for generating electricity during peak utilisation periods at 15-25% below peak rates per kilowatt hour. In addition, the Solverdi Process is used to produce steam, compressed air, and recapture non-potable water. The Solverdi Process includes an amplified solar cracking (thermal) system that delivers renewable electricity and incorporates the use of solar and renewable fuels and utilises a commercial buildings uninterruptable power supply and interior energy infrastructure.

The current operations of the Company are based on the technology and licence agreement executed with White Mountain. This includes the Shallow Water Reactor Process, the Frac Water Technology, the TDPTM Thermodepolymerization Technology and the Solar Cracking Technology. The TDPTM Thermodepolymerization Technology will underpin the continued operations of the Company as Solverdi embarks upon a restructured business plan designed to mitigate the need for extensive capital investments whilst maintaining the same business operations.

Please refer to section 2.7(b) for details of the Company's future operations.

2.3 Principal Features of the Recapitalisation Proposal

The purpose of the Recapitalisation Proposal is to restructure the Company's issued capital and net asset base, provide working capital and provide a new Board and direction to the Company. Further, following completion of the capital raising which will enable satisfaction of outstanding debts and payment to the Administrators and Creditor's Trust, all existing provable debts against the Company will be released, extinguished and barred, with Admitted Creditors claims only able to be met from the Trust Assets.

Following recapitalisation of the Company, it is proposed that the Company will be in a position to make an application for reinstatement to trading of its Shares on ASX, subject to compliance with ASX and Corporations Act regulatory requirements.

For information on the Company's operational plans following the recapitalisation refer to Section 2.10.

The principal features of the Recapitalisation Proposal are set out below:

- (a) **Consolidation of Capital:** Consolidation of the existing issued capital of the Company on a 1 for 3 basis (refer to Resolution 1 and Section 3.3).
- (b) **Reduction of Capital:** The capital of the Company be reduced by applying an amount being a portion of the accumulated losses of the Company against the share capital which is considered permanently lost (refer to Resolution 2 and Section 3.4).
- (c) **Issue of New Shares and New Options to Hemisphere Investment Partners or its nominees:** The issue of 35,000,000 New Shares (post consolidation) at an issue price of \$0.0001 and 60,000,000 New Shares (post Consolidation) at an issue price of \$0.005 per Share and 80,000,000 New Options (post Consolidation) in the Company, exercisable at 1 cent each at any time on or before 31 December 2014, to Hemisphere Investment Partners or its nominees under the Prospectus to be issued by the Company (refer to Resolution 3 and Section 3.5).
- (d) **Prospectus Issue:** The issue of up to 220,000,000 New Shares (post Consolidation) in the Company at a price of not less than 1 cent each under the Prospectus to raise not less than \$2.2 million (refer to Resolutions 4 and 5 and Sections 3.6 and 3.7).
- (e) **Payment to Administrators and Creditors:** Of the funds raised pursuant to the Prospectus Issue, \$780,000 (less the Deposit Loan amount paid) will be made available to the Administrators and Creditors Trust.
- (f) **Issue of New Shares to Hemisphere Investment Partners or its Nominees (Deposit Loan Note):** The issue of 15,000,000 New Shares (post Consolidation) by way of a priority offer to Hemisphere Investment Partners or its nominees as a priority offer under the Prospectus in consideration for the payment of a \$75,000 deposit paid pursuant to the Conversion of the Deposit Loan Note provided by Hemisphere Investment Partners to the Company in accordance with the DOCA (refer to Resolution 6 and Section 3.8).

- (g) **Issue of New Shares to Hemisphere Investment Partners or its Nominees (Proponent Fee Shares):** The issue of 20,000,000 New Shares (post Consolidation) by way of a priority offer to Hemisphere Investment Partners or its nominees as a priority offer under the Prospectus in consideration for the provision of corporate advisory services to the Company in respect of the Recapitalisation Proposal (refer to Resolution 7 and Section 3.9).
- (h) **New Constitution:** The adoption of a new Constitution (refer to Resolution 8 and Sections 3.10).
- (i) **Company Name:** The change of name of the Company to “SWW Energy Limited” (refer to Resolution 9 and Section 3.11).
- (j) **Board Changes:** The resignation of such members of the existing board of directors of the Company as Hemisphere Investment Partners requests and the appointment to the Board of Mr Benjamin Bussell, Mr Gino D’Anna and Mr Darren Olsen (refer to Resolutions 10 to 12 (inclusive) and Section 3.12).

2.4 Prospectus

The Company will shortly lodge a prospectus with the ASIC for the issue of New Shares and Options as contemplated by Resolutions 3, 4, 6 and 7 (**Prospectus**). The Prospectus will detail in full the terms of each of the offers of securities, the application procedure for each of the offers and additional background information in relation to the Company, the Recapitalisation Proposal and the future intentions of the Directors of the Company following completion of the Recapitalisation Proposal. The Prospectus will be available to download from the Company’s website or the announcements page of the ASX website.

2.5 Indicative Timetable

Set out in the table below is the expected timing for completion of the Recapitalisation Proposal, subject to compliance with all regulatory requirements. These dates are indicative only and may be varied without prior notice.

	Indicative Timing
Lodgement of Notice of Meeting with ASIC	16 March 2011
Lodgement of Prospectus with ASIC	21 March 2011
Prospectus offer opens	28 March 2011
Annual General Meeting of Existing Shareholders	19 April 2011
Prospectus offer closes	20 April 2011
Despatch of new holding statements to Existing Shareholders and Existing Optionholders	29 April 2011
Allotment of all New Shares and New Options	2 May 2011
Commencement of trading of New Shares and New Options on ASX	5 May 2011

*** The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders. The above table is indicative only.**

2.6 Payments to Creditors' Trust

As part of the Recapitalisation Proposal, a total sum of \$780,000 will be payable by the Company to the Creditor's Trust as follows:

- (a) the Creditor's Trust will be established for the sole benefit of the Creditors;
- (b) the sum of \$780,000 will be paid to the Creditor's Trust;
- (c) the Available Assets will be transferred to the Creditor's Trust; and
- (d) the trustee of the Creditor's Trust shall be the Administrators.

Under the DOCA, the Creditor's Trust Deed and the Recapitalisation Deed, the Claims of the Admitted Creditors against the Company will be released and extinguished upon the payments to the Creditor's Trust and the Admitted Creditors will become beneficiaries of the Creditor's Trust.

2.7 Operational and Expenditure Plans of the Company

The Company proposes to raise sufficient working capital to continue the existing activities of the Company, increase the current activities and, as part of the working capital budget, pursue new projects by way of acquisition or investment. The Company proposes to investigate acquisitions and investments in the following sectors:

- Metals and mining across all commodities, including iron ore, gold, copper, manganese, lead, zinc, silver, platinum, chrome, nickel and rare earth elements;
- Energy and energy related investments including oil and gas, coal bed methane, coal and uranium; and
- Renewable energy and fuels including Biofuel, biodiesel and ethanol.

(a) Capital Raisings

The capital raising of \$2,200,000 contemplated by Resolutions 3 and 4 in the Notice of Meeting, will enable the recapitalisation of the Company to be completed and enable the Company to meet its initial objectives and expenditure plans. On successful completion of the capital raising, the Company will make an application to ASX for its Shares to be reinstated to trading on the official list of ASX.

The purpose of the capital raising is to:

- (a) fund the Company's on-going operations;
- (b) Operating Expenses associated with the toll processing agreement with White Mountain and Feedstock suppliers;
- (c) Funding for potential offtake agreements with end users of Biofuel and biodiesel;
- (d) Expansion funding associated with new plants both directly owned and operated by White Mountain and with other third party operators;

- (e) Funding for the development of the Frac Water Technology and the Solar Cracking Technology;
- (f) Acquisition funding and development funding for additional opportunities in the renewable energy and bio-fuel industry by the Company;
- (g) Acquisition funding and development funding for other investments, as identified by the Company, outside of the bio-fuel industry, such as the natural resources sector;
- (h) meet the administration and trustee costs of the Company and the expenses of the recapitalisation of the Company, including payments for the benefit of Creditors pursuant to the DOCA and the Creditor's Trust Deed.

(b) Business Plan and Strategy

The continuing business operations of the Company are based on the technology and licence agreement executed with White Mountain. This includes the Shallow Water Reactor Process, the Frac Water Technology, the TDP™ Thermodepolymerization Technology and the Solar Cracking Technology. The TDP™ Thermodepolymerization Technology will underpin the continued operations of the Company as Solverdi embarks upon a restructured business plan designed to mitigate the need for extensive capital investments whilst maintaining the same business operations.

Thermal depolymerization (TDP) is a depolymerization process using hydrous pyrolysis for the reduction of complex organic materials (usually waste products of various sorts, often biomass and plastic) into light crude oil. It mimics the natural geological processes thought to be involved in the production of fossil fuels. Under pressure and heat, long chain polymers of hydrogen, oxygen, and carbon decompose into short-chain petroleum hydrocarbons with a maximum length of around 18 carbons.

On 1 December 2010, White Mountain and the Company signed an agreement allowing Solverdi the right to access the excess capacity at a renewable fuel plant located in North Las Vegas, Nevada operated by experts engaged by White Mountain for the production of biofuel using feedstock supplied by Solverdi.

The White Mountain plant in Nevada currently has total capacity of 240,000 litres per month, a portion of which can be secured by Solverdi in the production of the Biofuel and biodiesel. The toll processing arrangement allows Solverdi to pay White Mountain a toll processing fee equal to US\$0.86 for every litre of Biodiesel and a license fee of US\$0.054 per litre of Biodiesel produced for the use of the technology in the plant, produced at standard temperature and pressure at the White Mountain Facility from the feed stocks supplied by Solverdi, delivered to Solverdi.

Access to the treatment plant will allow Solverdi to reduce the need to raise large sums of capital associated with the capital expenditure required for the construction, operation and maintenance of the plants on an ongoing basis. This is considered to be a more efficient business model than previously employed by

Solverdi and allows the Company to treat waste oil products using the White Mountain plant by sharing the sale margin with White Mountain. In addition, the experts and personnel that operate the plant on behalf of White Mountain will provide their expertise to Solverdi during the beneficiation and manufacturing process.

In addition to accessing personnel and experts within White Mountain, Solverdi may also be able to utilise the existing White Mountain customer base as an opportunity to channel its own production of biofuel and biodiesel.

This business model is essentially the same as the core business of Solverdi prior to it being placed into administration, without the risk associated with constructing and operating its own biodiesel plants. In turn, the associated large sums of capital which were required under the previous business model are no longer required.

The business and operations of Solverdi will continue to be the production and sale of biofuel and biodiesel products into the transport industry as well as animal feed stock into the agricultural industry.

Solverdi will endeavour to create “micro-plant” operations in the fragmented waste oil and grease interceptor industry. Solverdi will attempt to create service collection “vacuums”, that competing companies will find difficult to react to, and implement effective “radius” marketing to increase customer density.

Solverdi, through its proprietary technology, will convert the collected waste material into a value added resource for the manufacture of renewable fuels. Using proprietary, patent issued and patent pending, technology to convert waste water and waste oil sources to alternative fuel.

The future activities of the Company will largely focus on the commercial application of the existing Solverdi technology and the production and sale of biofuel and biodiesel products into the transport industry as well as animal feed stock to the agricultural industry under a relationship with White Mountain.

This will be accomplished through the toll processing agreement with White Mountain Group LLC.

As part of the recapitalisation, the Company will also evaluate other project opportunities for acquisition or investment. The Company proposes to review projects across a range of sectors.

The Company proposes to investigate acquisitions and investments in the following sectors:

- Metals and mining across all commodities, including iron ore, gold, copper, manganese, lead, zinc, silver, platinum, chrome, nickel and rare earth elements;
- Energy and energy related investments including oil and gas, coal bed methane, coal and uranium; and
- Renewable energy and fuels including Biofuel, biodiesel and ethanol.

(c) Expenditure Plans and Use of Funds

The Company's review and development plans are the best estimates available to the Company at this time. It is important to recognise that although certain aspects of the budget allocations are committed expenditures, work programs are subject to changes in line with emerging results, circumstances and opportunities.

The Company estimates that the costs associated with the recapitalisation of the Company and restoration of the Company to the official list of ASX will be in the order of \$240,000. The Administrators' and the Trustee's fees are payable in accordance with the Creditor's Trust Deed, and have been included in the proforma Statement of Financial Position included in the Expert's Report that accompanies this Notice of Meeting, reflecting the expected position of the Company immediately following the passing of all the Resolutions.

It is proposed that the funds raised under the capital raising the subject of Resolutions 3 and 4 will be applied as follows:

Activity	Year 1	Year 2	Total
Payment to Administrators and Creditors Trust under DOCA ^(a)	\$705,000	-	\$705,000
Operating Expenses associated with the toll processing agreement with White Mountain and Feedstock suppliers	\$150,000	\$150,000	\$300,000
Funding for potential offtake agreements with end users of Biofuel and biodiesel	\$100,000	\$50,000	\$150,000
Expansion funding associated with new plants both directly owned and operated by White Mountain and with other third party operators	\$50,000	\$50,000	\$100,000
Funding for the development of the Frac Water Technology and the Solar Cracking Technology	\$50,000	\$50,000	\$100,000
Acquisition funding and development funding for additional opportunities in the renewable energy and bio-fuel industry by the Company	\$100,000	\$100,000	\$200,000
Acquisition funding and development funding for other investments, as identified by the Company, outside of the bio-fuel industry, such as the natural resources sector	\$100,000	\$150,000	\$250,000
General working capital	\$255,000	\$203,500	\$458,500
Expenses associated with the Recapitalisation Proposal to be reimbursed to Hemisphere Investment Partners ^(b)	\$240,000	-	\$240,000
Total funds utilised	\$1,750,000	\$753,500	\$2,503,500

- (a) The payment to the Trustee of the Creditors Trust is \$780,000. As noted in Resolution 6, Hemisphere Investment Partners has pre-paid via a Convertible Note Agreement an amount of \$75,000 towards to the Creditors Trust under the DOCA, meaning that the balance of the funds, being \$705,000 will be funded out of the Prospectus capital raisings.
- (b) It is estimated that the total expenses of the recapitalisation are estimated to be in the order of \$240,000 including the re-imbursement to Hemisphere Investment Partners for the prepayment of audit fees and other fees associated with the recapitalisation.

2.8 Proforma Capital Structure

The proforma capital structure of the Company contemplated by the Recapitalisation Proposal is as follows:

Description	Resolution	Number of Shares	% Interest	Number of Options Note (ii)	% Interest (fully diluted) Note (i)
Existing Shares	-	103,799,882	-	-	-
Recapitalisation Proposal (post Consolidation)					
1:3 Consolidation	Resolution 1	34,599,961	9.0%		7.5%
Issue to Hemisphere Investment Partners and/or its nominees (a)	Resolution 3	95,000,000	24.7%	80,000,000	37.7%
Prospectus Issue to nominees of Hemisphere Investment Partners, Directors and the general public	Resolution 4	220,000,000	57.2%	-	47.4%
Issue to Hemisphere Investment Partners and/or its nominees (Deposit Loan Note)	Resolution 6	15,000,000	3.9%	-	3.2%
Issue to Hemisphere Investment Partners and/or its nominees (Proponent Fee Shares)	Resolution 7	20,000,000	5.2%	-	4.3%
TOTAL		384,599,961	100%	80,000,000	100%

Notes

- i. Calculated on a fully diluted basis assuming all 80,000,000 New Options were exercised resulting in total number of issued Shares being 464,599,961.
 - ii. The New Options will be exercisable at \$0.01 each on or before 31 December 2014.
- (a) This includes the issue of 60,000,000 New Shares at an issue price of \$0.005 per share and the issue of 35,000,000 New Shares at an issue price of \$0.0001 per share Hemisphere Investment Partners and/or its nominees.

2.9 Quotation of New Shares on ASX

The Company is already admitted to the official list of ASX, however, trading in the Existing Shares was suspended on 18 March 2010. Following completion of the Recapitalisation Proposal, the Company will apply to ASX for reinstatement to trading of its shares on ASX. Reinstatement to trading is at the discretion of ASX and will be subject to compliance with ASX and Corporations Act regulatory requirements. At the date of this Explanatory Statement, ASX has indicated to the Company that on the basis of the information provided to ASX, the Recapitalisation Proposal will not affect the Company's ability to retain its ASX listing and the Company believes that reinstatement to trading will occur soon after completion of the Recapitalisation Proposal.

2.10 Effect of the Recapitalisation Proposal

For the purposes of this Explanatory Statement, the following information is provided for consideration by the Existing Shareholders.

The Company's shares were last traded on ASX on 18 March 2010. Prior ASX share trading prices for the Company are not considered a reliable basis to assess the New Shares.

Due to the Company's current state of affairs, the lack of profit history and the immediate lack of a reliable future cash flow from remaining assets, maintainable earnings are not considered a reliable basis to assess the New Shares.

Accordingly, the current implicit value of the Existing Shares at the date of this Explanatory Statement is nil.

Based on the proforma Statement of Financial Position set out in Section 2.11 of this Explanatory Statement (which assumes the completion of the Recapitalisation Proposal) the estimated net assets after the Recapitalisation Proposal would be equivalent to approximately 0.4 cents per New Share.

The advantages of passing the Resolutions and subsequent completion of the Recapitalisation Proposal include:

- (a) A net cash injection of approximately \$1,508,500 into the Company, together with negligible liabilities, compared with the current position whereby the Company is in a net liability position.

- (b) The net asset backing of a New Share could be expected to increase from nil cents to approximately 0.4 cents following completion of the Recapitalisation Proposal.
- (c) The Company's ability to seek reinstatement to trading of its Shares on ASX is enhanced. By obtaining reinstatement to trading of the Company's shares, the Existing Shareholders are offered liquidity to sell their post consolidation shareholdings on ASX.
- (d) The Directors have expertise in the industry in which the Company operates as well as broad corporate and financial experience.

The principal disadvantage to Existing Shareholders is that their existing shareholdings will be diluted following the Consolidation on a 1:3 basis and the issue of New Shares and New Options pursuant to Resolutions 3 to 7 (inclusive). However, this must be balanced with the fact that their existing shareholdings currently have nil value and the fact that, should the Recapitalisation Proposal not proceed, the Company could be placed into liquidation. Following completion of the Recapitalisation Proposal, their reduced shareholdings would have value based on the cash injection to the Company and the return to liquidity through reinstatement to trading on ASX.

2.11 Proforma Statement of Financial Position

Included below is a summary proforma Statement of Financial Position for the Company, assuming completion of the Recapitalisation Proposal should all the Resolutions be passed. As the Company is likely to be in a position to continue trading following the Proposal, the Net Assets on a Going Concern basis is the most appropriate methodology for valuing a Share post completion of the Recapitalisation Proposal.

The table below indicates the value of a Share on a net asset basis following completion of the Recapitalisation Proposal is \$0.004 assuming the New Options issued to Hemisphere Investment Partners or its nominees are not exercised.

The net tangible asset value of the Company following the Recapitalisation Proposal is significantly different to the net tangible asset value at 31 December 2010. The Company will have a net asset value of \$1,508,500 following completion of the Recapitalisation Proposal. This equates to an NTA value per share of approximately \$0.004.

As the Company entered Administration on 18 March 2010, there has been a distinct lack of activity between 31 December 2010 and the current balance date of the pro-forma, with the Company being in a state of care and maintenance.

	Pre Proposal	Post Proposal
Balance Sheet	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	-	1,508,500
Trade and other receivables	696	-
TOTAL CURRENT ASSETS	696	1,508,500
TOTAL ASSETS	696	1,508,500
CURRENT LIABILITIES		
Trade and other payables	(6,420,258)	-
Short term financial liabilities	(75,000)	-
TOTAL CURRENT LIABILITIES	(6,495,258)	-
TOTAL LIABILITIES	(6,495,258)	
NET ASSETS	(6,494,562)	1,508,500
Shares on issue	103,799,882	384,599,961
Value of a Solverdi share	(0.06)	0.004

The following adjustments were made to the net assets of Solverdi as at 31 December 2010 in arriving at the valuation of a Share following the Recapitalisation Proposal:

(i) Cash and Cash Equivalents

The following adjustments have been made to the cash and cash equivalents asset class:

- Hemisphere Investment Partners will pay Solverdi \$303,500 as consideration for 95,000,000 New Shares as contemplated by Resolution 3.
- Under the DOCA, \$705,000 will be deposited into a trust account nominated by the Administrators following the Prospectus Issue. This capital is to be used by the Administrators to settle any claims by creditors on the Company. We have therefore removed \$705,000 from the cash and cash equivalents asset class. As outlined in section 2.7(a)(c) above, the Proponent has already pre-paid \$75,000 to the Creditors Trust under the DOCA in accordance with the Convertible Note Agreement.

- Under the DOCA, the Company is to pay Hemisphere Investment Partners a corporate consultancy fee of \$50,000 by way of cash payment. Alternatively, at the discretion of Hemisphere Investment Partners this amount may be settled by way of the Company issuing 10,000,000 Shares to Hemisphere Investment Partners. Hemisphere Investment Partners advises that the corporate consultancy fee of \$50,000 will be paid via a cash payment upon the re-instatement and re-listing of the Company to the Official List of the ASX.

The pro-forma statement of financial position outlined above accounts for the fact that the \$50,000 will be settled with cash and as such \$50,000 has been removed from cash and cash equivalents asset class. We have performed sensitivity analysis to determine the effect on the NTA value per Share should Hemisphere Investment Partners opt to accept Shares as payment for corporate consultancy services to the Company. This had the effect of increasing the NTA value of Solverdi to \$1,558,500 but the effect on the NTA value per Share was negligible.

- An amount of \$240,000 has been deducted from the cash balance in the pro-forma statement of financial position outlined above which takes into consideration the expenses associated with the recapitalisation, including legal fees associated with the preparation of meeting documents, recapitalisation and reconstruction documents, ASX and ASIC fees and postage and share registry fees. This also includes brokerage fees paid on the public capital raising at a rate of 5% plus GST.
- The Company is to undertake a public offering via a prospectus to be lodged with the ASIC to raise \$2.2 million through the placement of 220,000,000 Shares at \$0.01 per Share. For this purpose \$2,200,000 has been added to cash and cash equivalents class.

(iii) Creditors Trust Entries

Upon receiving the cash payable for trade and other receivables this amount will be deposited into the Creditors' Trust account. Similarly, other assets, plant and equipment will be sold by the Administrators and the proceeds will be deposited into the Creditors' Trust account. For this reason, trade and other receivables, other assets, plant and equipment have been removed from the balance sheet.

(v) Unsecured Creditors

The Company will pay \$780,000 to the Trustee of the Creditor's Trust to settle any claims on the Company. For this purpose all liabilities have been removed from the balance sheet.

3 ANNUAL GENERAL MEETING REGULATORY REQUIREMENTS

3.1 Action to be Taken by the Existing Shareholders

In order to proceed with the Recapitalisation Proposal, the Company must convene a general meeting of Existing Shareholders for the purposes of passing the Resolutions in compliance with the requirements of the Listing Rules and the Corporations Act.

The Notice of Meeting convening the Annual General Meeting is included at the front of this booklet. Existing Shareholders are encouraged to attend and vote in favour of each of the Resolutions to be put forward at the Annual General Meeting.

If an Existing Shareholder is not able to attend and vote at the Annual General Meeting, the Existing Shareholder is encouraged to complete the proxy form at the back of this booklet and return it to the Company at the address stated on the proxy form not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

3.2 General Meeting Resolutions

There are 12 Resolutions to be put to the Annual General Meeting.

Resolutions 1 to 7 (inclusive) and 10 to 12 (inclusive) are ordinary resolutions. Resolutions 8 to 9 (inclusive) are special resolutions.

Certain voting restrictions are imposed in relation to some of the Resolutions as detailed in the accompanying Notice of Meeting under the heading "Voting Exclusion Statement".

A short explanation of each Resolution is set out in Section **Error! Reference source not found.** to Section 3.12 (inclusive).

3.3 Resolution 1 – Consolidation of Capital

Resolution 1 is an ordinary resolution.

It proposes that the issued capital of the Company be altered by consolidating the Existing Shares on a 1 for 3 basis. Any fractional entitlements as a result of holdings not being evenly divisible by 3 will be rounded down to the nearest whole number.

Section 254H of the Corporations Act provides that a company may convert all or any of its shares into a smaller number of shares by a resolution passed at a general meeting. The conversion proposed by Resolution 1 is permitted under section 254H of the Corporations Act.

The Consolidation will not result in any change to the substantive rights and obligations of Existing Shareholders of the Company. The purpose of the Consolidation of the existing issued capital of the Company is to reduce the number of existing securities on issue. For example, a Shareholder currently holding 1,000 Shares, will following completion of the Consolidation, hold 333 Shares.

The Company's balance sheet and tax position will remain unaltered as a result of the Consolidation.

At the date of this Explanatory Statement, the Company has 103,799,882 Existing Shares on issue. The consolidation on a 1 for 3 basis will reduce the number of Shares on issue to approximately 34,599,961 New Shares (post Consolidation).

3.4 Resolution 2 – Reduction of Capital

Resolution 2 is an ordinary resolution, and is designed to reduce the share capital of the Company in accordance with sections 256B and 258F of the Corporations Act by a portion of the accumulated losses of the Company. Under section 256B of the Corporations Act, a reduction of capital of this nature must be approved by a resolution passed at a general meeting of the Company.

The purpose of the reduction of capital is to reduce the amount of capital on issue where the value has been permanently lost or not represented by available assets, provided that the Company does not cancel any Shares. Goodwill has been treated as an “available” asset for the purposes of whether a loss reduction of capital is made out. The accumulated losses are comprised of the amount of goodwill lost as a consequence of the Company having been under administration and that which relates to the Company’s assets that have been either sold or discontinued and the trading losses accumulated by the Company.

The Company proposes to effect a reduction of capital by debiting the Company’s capital account to reflect the value attributable to the existing shareholders issued capital in the post consolidated structure. The corresponding credit will be applied against the Company’s accumulated losses. Under this reduction of capital the Company will not be returning any capital to Shareholders or cancelling any Shares. It will essentially be an accounting entry which will take immediate effect from the passing of Resolution 2.

The reduction of capital does and will not materially prejudice the Company’s ability to pay the Admitted Creditors, has no direct negative impact on Shareholders (or their shareholding), is not selective between Shareholders and will not affect the number of Shares on issue in the Company.

3.5 Resolution 3 – Issue of New Shares and New Options to Hemisphere Investment Partners or its Nominees

Resolution 3 is an ordinary resolution and provides for the issue of 95,000,000 New Shares (post Consolidation) and 80,000,000 New Options (post Consolidation) (exercisable at 1 cent each on or before 31 December 2014) in the Company to Hemisphere Investment Partners and/or its nominees in consideration of Hemisphere Investment Partners paying \$303,500 to the Company.

The Company has been informed by Hemisphere Investment Partners that it has nominated the Directors of the Company, Benjamin Bussell, Gino D’Anna and Darren Olsen to each be allocated 10,000,000 New Shares and 10,000,000 New Options pursuant to the issue contemplated by Resolution 3.

Benjamin Bussell, Gino D’Anna and Darren Olsen are related parties of the Company pursuant to section 228 of the Corporations Act by virtue of being directors. Hemisphere Investment Partners is considered to be a related party of the Company by virtue of its controlling shareholder interest on a post-consolidation basis (assuming that all New Shares are issue pursuant to this Notice of Meeting).

Shareholder approval for Resolution 3 is sought pursuant to Listing Rule 10.11, section 208 of the Corporations Act and Item 7 of section 611 of the Corporations Act.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a 'related party' without the approval of holders of ordinary securities by ordinary resolution. The term 'related party' is defined for these purposes to include a related party within the meaning of section 228 of the Corporations Act and a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

Section 208 of the Corporations Act

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

It is considered that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, the Company seeks approval under Listing Rule 10.11 and Section 208 of the Corporations Act in respect of the proposed issue of New Shares and New Options to Hemisphere Investment Partners and its nominees, being the Directors.

Item 7 of Section 611

The Company seeks Shareholder approval for the proposed issue under Resolution 3 in accordance with item 7 of section 611 of the Corporations Act to enable Hemisphere Investment Partners, the Directors and their respective associates to increase their voting power in the Company in excess of the threshold limit prescribed by the Corporations Act. A summary of the requirements of item 7 of section 611 of the Corporations Act are set out in Section 5 of this Explanatory Statement.

Regulatory Requirements

For the purposes of the ASX Listing Rule 10.13 and section 208 of the Corporations Act, the following information is provided in relation to Resolution 3:

- (a) the related parties to whom New Shares and New Options will be issued are Hemisphere Investment Partners and the Directors, Benjamin Bussell, Gino D'Anna and Darren Olsen;
- (b) the maximum number of New Shares and New Options to be issued to the related parties are as follows:

Related Party	New Shares	New Options
Hemisphere Investment Partners or its nominees	65,000,000	50,000,000

Directors		
(a) Benjamin Bussell	10,000,000	10,000,000
(b) Gino D'Anna	10,000,000	10,000,000
(c) Darren Olsen	10,000,000	10,000,000
Total	95,000,000	80,000,000

- (c) the New Shares will be issued at an issue price of \$0.005 per New Share, which shall be paid entirely by Hemisphere Investment Partners. The Directors will not pay any consideration for the New Shares themselves. The New Options will be issued for nil cash consideration;
- (d) the New Shares are valued at \$303,500 in aggregate, being the consideration payable for the issue of the New Shares. A valuation of the New Options is set out in Section 4 of this Explanatory Statement;
- (e) the New Shares and New Options will be issued no later than one (1) month after the date of the Annual General Meeting;
- (f) none of Hemisphere Investment Partners, Benjamin Bussell, Gino D'Anna or Darren Olsen have a relevant interest in any of the Company's issued securities;
- (g) no remuneration or other emoluments have been paid to any of Hemisphere Investment Partners, Benjamin Bussell, Gino D'Anna or Darren Olsen over the past 12 months. However, it is proposed that Hemisphere Investment Partners will be paid a fee of \$50,000 in relation to the Recapitalisation Proposal. In addition, Benjamin Bussell, Gino D'Anna or Darren Olsen will be allocated some of the New Shares under Resolution 7 and may subscribe for Shares the subject of Resolution 4 (subject to Shareholder approval under Resolution 5). Further, it is proposed that Benjamin Bussell, Gino D'Anna and Darren Olsen will be paid director's fees of \$3,000 each per month after completion of the Recapitalisation Proposal;
- (h) the New Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's Existing Shares;
- (i) the New Options will be issued on the terms and conditions set out in Annexure 1;
- (j) the Company intends to use the funds raised from the issue of the New Shares in the manner set out in Section 2.7(c);
- (k) if Shareholders approve the issue of New Shares and New Options to Hemisphere Investment Partners, Benjamin Bussell, Gino D'Anna and Darren Olsen under Resolution 3 and:
 - (A) all of the New Shares are issued; and
 - (B) all of the New Options are subsequently converted into Shares,

the effect will be to dilute the shareholding of Shareholders to approximately 7.5% (post Consolidation and assuming all of the New Shares and New Options proposed to be issued pursuant to this Notice are issued and all of the Options (New Options) are exercised);

- (l) the Company's Shares have not traded on ASX since 18 March 2010. The last available trading price was 9.2 cents. Over the preceding 12 month period, the Share price ranged from a high of 10 cents on 18 March 2009 (pre 1:10 stock split on 31 March 2009) to a low of 9.2 cents on 18 March 2010 (post 1:10 stock split on 31 March 2009);
- (m) the primary purpose of the proposed issue of New Shares and New Options is to raise funding to achieve the objectives of the Recapitalisation Proposal and to provide cost effective consideration to the Directors for their proposed commitment and contribution to the Company in their roles as directors of the Company;
- (n) the Directors do not believe that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the New Shares on the terms proposed;
- (o) the Directors are not aware of any relevant information that is material to the decision on how to vote on Resolution 3 other than as disclosed in this Explanatory Statement;
- (p) it is acknowledged that the grant of New Options to the Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, it is considered that the grant of New Options is reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves; and
- (q) as the Company has been placed into administration, the Directors do not have authority to make a recommendation to Shareholders in relation to Resolution 3 and in any event have an interest in the outcome of the Resolution.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the New Shares and New Options to Hemisphere Investment Partners and the Directors as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of New Shares and New Options to Hemisphere Investment Partners and the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

3.6 Resolution 4 – Issue of New Shares – Prospectus Issue

Resolution 4 is an ordinary resolution and provides for the issue of up to 220,000,000 New Shares (post Consolidation) in the Company at a price of not less than 1 cent each to raise not less than \$2.2 million, which shall take place pursuant to the Prospectus as described above (**General Offer**).

Shareholder approval for the proposed issue is required pursuant to item 7 of section 611 of the Corporations Act.

Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The proposed issue pursuant to the General Offer requires Shareholder approval under Listing Rule 7.1 as it represents greater than 15% of the Company's issued capital on a post Consolidation basis.

Item 7 of Section 611

The Company also seeks Shareholder approval for the proposed issue under Resolution 4 in accordance with item 7 of section 611 of the Corporations Act as certain of the potential subscribers to the proposed issue will be nominated by Hemisphere Investment Partners and/or the Directors. A summary of the requirements of item 7 of section 611 of the Corporations Act are set out in Section 5 of this Explanatory Statement.

Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to the proposed General Offer:

- (a) the maximum number of New Shares to be issued is 220,000,000;
- (b) the New Shares will be issued no later than three months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be not less than \$0.01 per New Share;
- (d) Hemisphere Investment Partners and the Directors will determine to whom the New Shares under the General Offer will be issued, but (other than as contemplated by Resolution 5) these persons will not be related parties of the Company;
- (e) the New Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Existing Shares; and
- (f) the Company intends to use the funds raised from the General Offer in the manner set out in Section 2.7(c).

3.7 Resolution 5 – Participation by Directors in Prospectus Issue

Resolution 5 is an ordinary resolution and provides for the participation by Directors and/or their nominees in the General Offer contemplated by Resolution 4.

Shareholder approval for the participation by Directors and/or their nominees is required pursuant to Listing Rule 10.11 and item 7 of section 611 of the Corporations Act.

A summary of Listing Rule 10.11 and its application to the Directors is set out in Section 3.5.

A summary of the requirements of item 7 of section 611 of the Corporations Act are set out in Section 5 of this Explanatory Statement.

The Company considers that Shareholder approval under section 208 of the Corporations Act is not required for Resolution 5 as the Directors will subscribe for New Shares on equivalent terms as the New Shares are offered to unrelated parties under the General Offer.

Regulatory Requirements

For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- (a) the related parties to whom New Shares will be issued are the Directors (Benjamin Bussell, Gino D'Anna and Darren Olsen) and/or their nominees;
- (b) the maximum number of New Shares to be issued to the Directors under the General Offer is 10,000,000 to each of Benjamin Bussell, Gino D'Anna and Darren Olsen. It is noted that this represents the maximum number of Shares that each of the Directors may subscribe for under the Prospectus, and it is possible that one or more of the Directors may subscribe for less than his maximum allocation;
- (c) the issue price will be not less than \$0.01 per New Share;
- (d) the New Shares will be issued no later than one month after the date of the Annual General Meeting;
- (e) the New Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's Existing Shares; and
- (f) the Company intends to use the funds raised from the General Offer in the manner set out in Section 2.7(c).

Approval pursuant to Listing Rule 7.1 is not required in order to issue the New Shares to the Directors as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of New Shares to the Directors under the General Offer will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

3.8 Resolution 6 – Issue of New Shares to Hemisphere Investment Partners or its Nominees (Conversion of Deposit Loan)

Resolution 6 is an ordinary resolution and provides for the issue of 15,000,000 New Shares (post Consolidation) to Hemisphere Investment Partners or its nominees as a priority offer under the Prospectus (on a post Consolidation basis) in consideration for the

payment of a \$75,000 deposit pursuant to the conversion of the Deposit Loan provided by Hemisphere Investment Partners to the Company in accordance with the terms of the DOCA.

As set out in Section 3.7, Hemisphere Investment Partners is considered to be a related party of the Company. Accordingly, Shareholder approval for Resolution 6 is sought pursuant to Listing Rule 10.11, section 208 of the Corporations Act and item 7 of section 611 of the Corporations Act.

A summary of Listing Rule 10.11 and section 208 of the Corporations Act is set out in Section 3.5. A summary of the requirements of item 7 of section 611 of the Corporations Act are set out in Section 5 of this Explanatory Statement.

Summary of Convertible Note Agreement

The terms of the Convertible Note are illustrated below:

- (b) Hemisphere Investment Partners is the Noteholder of the Convertible Note.
- (c) the face value of the Convertible Note is \$75,000.
- (d) the conversion price of the Convertible Note is \$0.005 per Share.
- (e) the maturity date of the Convertible Note is 31 May 2011.
- (f) the Convertible Note can be converted into Shares either in full or in part in accordance with the conversion terms.
- (g) to the extent that the Convertible Note is repaid or Converted, the Convertible Note is automatically cancelled and may not be re-issued.
- (h) the Noteholder may at any time and from time to time after the Effective Date, being the later of re-admission to the official list or completion of the capital raisings, convert all of the principal amount outstanding from time to time into Shares at the conversion price, subject nevertheless to the conditions of the Convertible Note Agreement.
- (i) the Shares allotted following conversion must rank *pari passu* and form one class with the other Shares on issue at the allotment date.
- (j) On the maturity date the Company must repay the principal amount of the Convertible Note together with any other amounts owing to the Noteholder under the conditions of the Convertible Note Agreement.

Regulatory Requirements

For the purposes of the ASX Listing Rule 10.13 and Section 208 of the Corporations Act, the following information is provided in relation to Resolution 6:

- (a) the related party to whom New Shares will be issued is Hemisphere Investment Partners (and/or its nominees) and it is considered to be a related party of the Company by virtue of its controlling shareholder interest on a post-consolidation

- basis (assuming that all New Shares are issue pursuant to this Notice of Meeting).;
- (b) the maximum number of New Shares to be issued to Hemisphere Investment Partners is 15,000,000;
 - (c) the issue price for New Shares will be nil, but the deemed issue price is \$0.005 per New Share;
 - (d) the New Shares are valued at \$75,000 in aggregate, being the amount of the deposit paid by Hemisphere Investment Partners pursuant to the Deposit Convertible Note Agreement;
 - (e) the New Shares will be issued no later than one (1) month after the date of the Annual General Meeting;
 - (f) Hemisphere Investment Partners does not have a relevant interest in any of the Company's issued securities;
 - (g) no remuneration or other emoluments have been paid to Hemisphere Investment Partners over the past 12 months. However, it is proposed that Hemisphere Investment Partners will be paid a fee of \$50,000 in relation to the Recapitalisation Proposal;
 - (h) the New Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's Existing Shares;
 - (i) the Company intends to use the funds raised from the payment of the deposit under the Deposit Convertible Note Agreement in the manner set out in Section 2.7(c);
 - (j) if Shareholders approve the issue of New Shares to Hemisphere Investment Partners and the Shares are subsequently issued, the effect will be to dilute the shareholding of Existing Shareholders to approximately 7.5% (post Consolidation and assuming all of the New Shares and New Options proposed to be issued pursuant to this Notice are issued and all of the Options (New Options) are exercised);
 - (k) the Company's Shares have not traded on ASX since 18 March 2010. The last available trading price was 9.2 cents. Over the preceding 12 month period, the Share price ranged from a high of 10 cents on 18 March 2009 (pre 1:10 stock split on 31 March 2009) to a low of 9.2 cents on 18 March 2010 (post 1:10 stock split on 31 March 2009);
 - (l) the Shares are being issued in consideration for the payment of \$75,000 under the terms of the Deposit Convertible Note Agreement;
 - (m) the Directors do not believe that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the New Shares on the terms proposed;

- (n) the Directors are not aware of any relevant information that is material to the decision on how to vote on Resolution 6 other than as disclosed in this Explanatory Statement; and
- (o) as the Company has been placed into administration, the Directors do not have authority to make a recommendation to Shareholders in relation to Resolution 6 and in any event have an interest in the outcome of the Resolution.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the New Shares to Hemisphere Investment Partners as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of New Shares to Hemisphere Investment Partners will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

3.9 Resolution 7 – Issue of New Shares to Hemisphere Investment Partners or its Nominees (Proponent Fee Shares)

Resolution 7 is an ordinary resolution and provides for the issue of 20,000,000 New Shares (post Consolidation) to Hemisphere Investment Partners or its nominees as a priority offer under the Prospectus as a bonus payment to Hemisphere Investment Partners for the successful completion of the recapitalisation of the Company.

The Company has been informed by Hemisphere Investment Partners that it has nominated the Directors of the Company, Benjamin Bussell, Gino D'Anna and Darren Olsen to each be allocated 2,500,000 New Shares pursuant to the issue contemplated by this Resolution 7.

As set out in Section 3.5, Hemisphere Investment Partners and the Directors are considered to be related parties of the Company. Accordingly, Shareholder approval for Resolution 7 is sought pursuant to Listing Rule 10.11, section 208 of the Corporations Act and item 7 of section 611 of the Corporations Act.

A summary of Listing Rule 10.11 and section 208 of the Corporations Act is set out in Section 3.5. A summary of the requirements of item 7 of section 611 of the Corporations Act are set out in Section 5 of this Explanatory Statement.

Regulatory Requirements

For the purposes of the ASX Listing Rule 10.13 and Section 208 of the Corporations Act, the following information is provided in relation to Resolution 7:

- (a) the related parties to whom New Shares will be issued are Hemisphere Investment Partners (and/or its nominees), Benjamin Bussell, Gino D'Anna and Darren Olsen;

- (b) the maximum number of New Shares to be issued to related parties are as follows:

Related Party	New Shares
Hemisphere Investment Partners or its nominees	12,500,000
Directors	
(a) Benjamin Bussell	2,500,000
(b) Gino D'Anna	2,500,000
(c) Darren Olsen	2,500,000
Total	20,000,000

- (c) the issue price for the New Shares will be nil, but the deemed issue price is \$0.01 per New Share. Accordingly, the New Shares have an implied value of \$200,000;
- (d) the New Shares will be issued no later than one (1) month after the date of the Annual General Meeting;
- (e) none of Hemisphere Investment Partners, Benjamin Bussell, Gino D'Anna or Darren Olsen have a relevant interest in any of the Company's issued securities;
- (f) no remuneration or other emoluments have been paid to any of Hemisphere Investment Partners, Benjamin Bussell, Gino D'Anna or Darren Olsen over the past 12 months. However, it is proposed that Hemisphere Investment Partners will be paid a fee of \$50,000 in relation to the Recapitalisation Proposal. In addition, Benjamin Bussell, Gino D'Anna and Darren Olsen will be allocated some of the New Shares under Resolution 3 and may subscribe for Shares the subject of Resolution 4 (subject to Shareholder approval under Resolution 5). Further, it is proposed that Bruce Benjamin Bussell, Gino D'Anna and Darren Olsen (as new Directors) will be paid director's fees of \$3,000 each per month after completion of the Recapitalisation Proposal;
- (g) the New Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's Existing Shares;
- (h) the Company will not raise any funds from the proposed issue as the New Shares are being issued a bonus to Hemisphere Investment Partners for the successful completion of the recapitalisation of the Company;
- (i) if Shareholders approve the issue of New Shares to Hemisphere Investment Partners and the Directors under Resolution 7 and the Shares are subsequently issued, the effect will be to dilute the shareholding of Existing Shareholders to approximately 7.5% (post Consolidation and assuming all of the New Shares and New Options proposed to be issued pursuant to this Notice are issued and all of the Options (New Options) are exercised);

- (j) the Company's Shares have not traded on ASX since 18 March 2010. The last available trading price was 9.2 cents. Over the preceding 12 month period, the Share price ranged from a high of 10 cents on 18 March 2009 (pre 1:10 stock split on 31 March 2009) to a low of 9.2 cents on 18 March 2010 (post 1:10 stock split on 31 March 2009);
- (k) the primary purpose of the proposed issue of New Shares is to provide a bonus to Hemisphere Investment Partners for the successful completion of the recapitalisation of the Company. Hemisphere Investment Partners has provided corporate advisory services to the Company and has facilitated the recapitalisation of the Company as detailed in Section 2.2;
- (l) the Company does not believe that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the New Shares on the terms proposed;
- (m) the Company is not aware of any relevant information that is material to the decision on how to vote on Resolution 7 other than as disclosed in this Explanatory Statement; and
- (n) as the Company has been placed into administration, the Directors do not have authority to make a recommendation to Shareholders in relation to Resolution 7 and in any event have an interest in the outcome of the Resolution.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the New Shares to Hemisphere Investment Partners and the Directors as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of New Shares to Hemisphere Investment Partners and the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

3.10 Resolution 8 – Adoption of New Constitution

Resolution 8 is a special resolution and seeks Shareholder approval to repeal the Company's existing Constitution and adopt a new Constitution.

The repeal of the Company's existing Constitution and the adoption of a new Constitution under Resolution 8 is to be approved by Existing Shareholders under section 136(2) of the Corporations Act. If Resolution 8 is approved, the new Constitution will take effect on and from the date that the Company obtains shareholder approval pursuant to which Resolution 8 takes effect. It is not practicable to list all of the changes to the Constitution in this Explanatory Statement. A copy of the new Constitution is available for review by Shareholders at Ground Floor, 1306 Hay Street, West Perth WA 6005.

3.11 Resolution 9 – Change of Name

Resolution 9 is a special resolution and seeks Shareholder approval to change the name of the Company to "SWW Energy Limited".

The adoption of the new name under Resolution 9 is to be approved by Existing Shareholders under section 157(1) of the Corporations Act. The change of name will take effect on the day it is approved by the ASIC.

3.12 Resolution 10 to 13 (inclusive) – Election of Directors

Resolution 10 to 13 (inclusive) seeks the re-election of Benjamin Bussell, Gino D'Anna and Darren Olsen as directors of the Company in accordance with clause 11.2 of the Constitution and subject to the passing of Resolutions 1 to 7 (inclusive).

In the event that Resolution 10 to 12 (inclusive) are passed and the Recapitalisation Proposal is completed, it is intended that each of Benjamin Bussell, Gino D'Anna and Darren Olsen will continue to be Directors of the Company.

Brief profiles of the Directors are set out below:

Benjamin Bussell

Mr Bussell is a Senior Accountant with over 12 years experience in public accounting, corporate accounting and taxation. Mr Bussell is currently the Chief Financial Officer of ASX listed mineral exploration companies Stonehenge Metals Limited, ZYL Limited, Segue Resources Ltd and Excelsior Gold Limited.

Gino D'Anna

Gino D'Anna has experience in financial markets having been involved in a number of Initial Public Offerings (IPO's) and secondary listings. Mr D'Anna has been involved in the reconstruction and recapitalisation of various ASX listed companies and has previously been involved in structuring investments and acquisitions for ASX listed companies.

Mr D'Anna has also been involved in a number of secondary capital raisings and brings experience and knowledge in private equity and debt markets and has specialist understanding and experience in dealing with ASX Listing Rules and compliance requirements. Mr D'Anna is currently Executive Director and Company Secretary of ZYL Limited and was previously Executive Director of ASX Listed Ferrum Crescent Limited (formerly Washington Resources Limited).

Darren Olsen

Darren Olsen is a Certified Practising Accountant with over 13 years' experience in Public Accounting & Taxation. Mr Olsen is currently a Director of Marlston Taxation & Business Advisers, a public Accountancy Firm which provides Accounting and Taxation services and advice to a wide range of small to large business entities including several ASX listed exploration companies.

4 OTHER INFORMATION

4.1 Taxation

The Recapitalisation Proposal may give rise to income tax implications for the Company and the Shareholders. Existing Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal position and none of the Company, the Directors, the Administrators or any adviser to the Company accepts any responsibility for any individual Existing Shareholder's taxation consequences on any aspect of the Recapitalisation Proposal.

4.2 Indicative New Option Valuation

The New Options proposed to be issued pursuant to Resolution 3 are being issued for nil consideration. The quantum of benefit to be received by the holders of the New Options proposed to be issued pursuant to Resolution 3 will depend in part on the price at which the underlying New Shares may trade on ASX.

As the Company is currently suspended from ASX, there is no readily available market price for the Company's Shares. A more appropriate value for the New Shares, for the purposes of valuing the New Options, is considered to be the issue to the public at an issue price of not less than 1 cent pursuant to the proposed Prospectus Issue. Based on the proposed Prospectus Issue price of 1 cent each for the New Shares and an exercise price of 1 cent for the New Options, the value of the New Options, based on their intrinsic value at the date of the Explanatory Statement, has been assessed at nil.

It can be argued that an option has value which can be assessed using various theoretical valuation methodologies. These theoretical models are designed to allow for the intrinsic value, the time value of money and the volatility of the share price movement. The most common valuation method is the Black & Scholes valuation model.

The Black & Scholes Method

In accordance with a policy requirement of ASIC, the Company notes that a value of approximately \$0.0054 per New Option may be attributable. This value was derived using the Black & Scholes valuation method.

This value would equate to a total derived value of the New Options proposed to be issued under Resolution 3 as follows:

RESOLUTION	NUMBER OF NEW OPTIONS	TOTAL DERIVED VALUE
Resolution 3	80,000,000	\$432,000

The calculation is based on the following inputs and assumptions:

- Share price – 1 cent
- Exercise price – 1 cent
- Risk free interest rate – 6.50%
- Volatility factor of 65%
- Issue date of 31 March 2011.
- Expiry date of 31 December 2014.

A summary of the assumptions underlying the Black & Scholes model is as follows:

- the option can be exercised at any time during the life of the option;
- there are no margin requirements, taxes or transaction costs;
- short selling is allowed without restriction or penalty;
- the risk free rate of interest is known and constant throughout the duration of the option contract;
- the underlying shares do not pay a dividend; and
- the volatility of the stock is constant.

Any change in the variables applied in the Black & Scholes model prior to the date the New Options are granted would have an impact on their indicative value.

The New Options proposed to be issued will only have value if on the date that the New Options are exercised, the market price of the Company's New Shares exceeds the exercise price of the New Options. In these circumstances, recipients of the New Options will obtain a financial benefit equivalent to the difference between the market value and exercise price.

It should be noted that the Black & Scholes method is most accurate for pricing exchange traded options which have a relatively short time to expiry, relatively low volatilities and which have significantly large volumes traded in the company's underlying Shares. The Black & Scholes method, due to the volatility in the market for the Company's Shares, the unknown volume of trading in the Company's Shares, the period to expiry and the option holders ability to exercise at any time, the likelihood that asset returns for the Company will not be normally distributed and other key theoretical assumptions of the Black & Scholes method, may result in a potentially misleading valuation of the New Options.

5 ITEM 7 SECTION 611 APPROVAL

This Section of the Explanatory Statement sets out the information required to be put to Shareholders in relation to approval sought under item 7 of section 611 of the Corporations Act.

5.1 Section 611 of the Corporations Act

Section 606(1) of the Corporations Act provides that a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person; or

- (iii) a body corporate that is controlled by an entity that controls the first person;
- (b) the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- (c) the second person is a person with whom the first person is acting or proposing to act, in concert in relation to the company's affairs.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606(1) of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares in excess of the prescribed limit with shareholder approval.

The Company considers that Hemisphere Investment Partners, the Directors and their associates and any person nominated by Hemisphere Investment Partners or the Directors to receive New Shares under the Prospectus Issue or any other issue contemplated by the Recapitalisation Proposal (together, the **Hemisphere Investment Partners Group**) are associates for the purpose of the Corporations Act. Accordingly, the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act in respect of the proposed issue of New Shares contemplated by Resolutions 3 to 7 (inclusive) as the proposed issues will result in Hemisphere Investment Partners Group acquiring a relevant interest in excess of 20% of the voting shares in the Company.

The information set out below is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining shareholder approval under Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report annexed to this Explanatory Statement which sets out additional information in respect of the proposal described in this Explanatory Statement, including the advantages and disadvantages of the proposal.

Prescribed Information

1. The identity of persons proposing to make the acquisition and their associates

If Resolutions 3, 4, 5, 6 and 7 are passed, the following New Shares and New Options are proposed to be issued to the following persons:

Shares

	New Shares
Hemisphere Investment Partners	92,500,000
Benjamin Bussell	22,500,000
Gino D'Anna	22,500,000
Darren Olsen	22,500,000
Third Parties nominated by Hemisphere Investment Partners or the Directors to receive New Shares under the Prospectus Issue ¹	190,000,000
TOTAL	350,000,000

Note:

1. This represents the maximum allocation to nominees of Hemisphere Investment Partners and the Directors. It is possible that the maximum number of Shares will not be allocated to nominees of Hemisphere Investment Partners and the Directors in which event the balance may be subscribed for by the general public.

Options

	New Options
Hemisphere Investment Partners or its nominees	50,000,000
Benjamin Bussell	10,000,000
Gino D'Anna	10,000,000
Darren Olsen	10,000,000
TOTAL	80,000,000

Hemisphere Investment Partners has provided corporate advisory services to the Company in relation to the Recapitalisation Proposal. Additional information in respect of Hemisphere Investment Partners is set out throughout this Explanatory Statement.

Benjamin Bussell, Gino D'Anna and Darren Olsen are Directors of the Company. Background information in respect of the Directors is set out in Section 3.12.

2. *The maximum extent of the increase in the person's voting power in the Company that would result from the acquisition:*

As at the date of the Notice of Meeting, no party comprising the Hemisphere Investment Group has a relevant interest in any Existing Shares and their voting power is nil.

Upon completion of the issue of New Shares the subject of Resolutions 3, 4, 5, 6 and 7 the number of Shares in which the Hemisphere Investment Partners Group will have a relevant interest and their relevant voting power will be as follows:

	Number of Shares	% Voting Power
Hemisphere Investment Partners	92,500,000	24.1%
Benjamin Bussell	22,500,000	5.9%
Gino D'Anna	22,500,000	5.9%
Darren Olsen	22,500,000	5.9%
Third parties nominated by Hemisphere Investment Partners or the Directors	190,000,000	49.4%
TOTAL	350,000,000	91.0%

Upon the issue of New Shares following exercise of New Options issued pursuant to Resolution 3, the number of Shares in which the Hemisphere Investment Partners Group will have a relevant interest and their relevant voting power will be as follows:

	Number of Shares	% Voting Power
Hemisphere Investment Partners or its nominees	142,500,000	30.7%
Benjamin Bussell	32,500,000	7.0%
Gino D'Anna	32,500,000	7.0%
Darren Olsen	32,500,000	7.0
Third parties nominated by Hemisphere Investment Partners or the Directors	190,000,000	40.9%
TOTAL	430,000,000	92.6%

Accordingly, the maximum extent of the increase in the voting power of the Hemisphere Investment Partners is 92.6%.

3. The voting power that person would have as a result of the acquisition:

As set out in paragraph (ii) above, the voting power the Hemisphere Investment Partners Group would hold as a result of the issue of New Shares pursuant to Resolutions 3, 4, 5, 6 and 7 an issue of New Shares on exercise of the New Options issued pursuant to Resolution 3 would be 92.6%.

4. The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition.

Refer paragraph (ii) above. The voting power of each associate of Hemisphere Investment Partners will be the same as the voting power of Hemisphere Investment Partners.

5. The voting power that each of that person's associates would have as a result of their acquisition.

Refer paragraph (ii) above.

Intentions as to the future of the Company

Hemisphere Investment Partners and each of its associates have informed the Company that, as at the date of this Notice of Meeting and on the basis of the facts and information available to it, if Shareholders approve the Resolutions contained in this Notice of Meeting, that it and its associates:

- (a) have no present intention to change the business of the Company;
- (b) intend to inject capital of at least \$1,508,500 (net of Recapitalisation Proposal costs) into the Company. This amount represents the funds raised pursuant to the Prospectus Issue (net of costs) which will enable the Company to carry out its proposed expenditure budget for the review, evaluation and development of the Company's existing assets, acquisition of additional opportunities in the renewable energy sector and to identify acquisitions of other investments in other sectors, such as the mining industry, oil and gas and other sources of energy. This capital injection will provide the Company with working capital which the Directors consider is sufficient for the Company's activities;
- (c) have no intentions regarding the future employment of the present employees of the Company;
- (d) do not intend to transfer any property between the Company and Hemisphere Investment Partners or any entity associated with either of them;
- (e) do not intend to redeploy the fixed assets of the Company;
- (f) have no immediate intention to change the financial matters or dividend policies of the Company; and
- (g) have no immediate intention to change the composition of the Board.

5.2 Independent Expert's Report

The Independent Expert's Report assesses whether the Recapitalisation Proposal outlined in this Explanatory Statement is fair and reasonable to the Shareholders who are not associated with Hemisphere Investment Partners. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposal described in this Explanatory Statement. This assessment is designed to assist all Shareholders in reaching their voting decision in relation to the Resolution contained within this Notice of Meeting.

The Independent Expert has provided an opinion that it believes the Recapitalisation Proposal is **fair and reasonable** to the Shareholders of the Company not associated with Hemisphere Investment Partners.

The Directors recommend that all Shareholders read the Independent Expert's Report in full.

6. DEFINITIONS

In this Explanatory Statement:

Administration Date means 18 March 2010, the date on which the Administrators were appointed, or taken to be appointed, as administrators of the Company pursuant to section 436A of the Corporations Act.

Administrator means Geoffrey Reidy jointly and severally, in his capacity as deed administrator of the DOCA.

Admitted Creditor means any person with a Claim that has been accepted by the Administrators or Trustees.

Annual General Meeting means the general meeting of the Existing Shareholders convened for the purposes of considering the Resolutions.

ASIC means the Australian Securities and Investments Commission.

Assets means all rights, property and undertakings of whatever kind and wherever situated of the Company, other than the Solverdi Thermodepolymerization Technology, intellectual property, Frac Water Technology, White Mountain Group LLC Biofuel Toll Processing Agreement and know-how specific to the production of Biofuel from waste oils and by-products, as at 18 March 2010 including without limitation claims or choses in action against the Former Directors or any other party.

Associate has the meaning set out in sections 11 to 17 of the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.

Available Assets means:

- (a) the benefits of the covenants and application of property made in the Trustee's favour under the DOCA, other than those dealing with the Trustee's right to recover costs, expenses and remuneration;
- (b) the Creditor Contribution;
- (c) the Subsidiary Shares;
- (d) any cash at bank and accounts receivable of the Company;
- (e) such other assets as may be transferred to the Trustee to become part of the Trust Fund from time to time;
- (f) any income accruing on the assets of the Trust (such income to be applied in the same manner as the principal upon which it accrued);
- (g) any amounts recovered by ASIC for the benefit of the Company or the Creditors; and

- (h) all other rights and benefits under the Reconstruction Deed (including for the avoidance of doubt the benefit of the guarantee and indemnities given under that deed).

Board means the board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Claim(s) means a debt payable by, or a claim against, the Company (present, future, certain or contingent, ascertained or sounding only in damages) being debts or claims the circumstances giving rise to which occurred before the appointment date that would be admissible to proof against the Company in accordance with Division 6 of Part 5.6 of the Corporations Act, if the Company had been wound up and the winding up is taken to have commenced on the appointment date including the Secured Creditor's claim.

Company means Solverdi Worldwide Limited (Subject to Deed of Company Arrangement) (ACN 096 687 839).

Consolidation means the consolidation of the existing issued capital of the Company on the basis of 1:3 as proposed under Resolution 1.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001.

Creditor(s) means any person having a Claim against the Company.

Creditor Contribution means \$780,000 cash.

Deed Administrators means the Administrators of the DOCA.

DOCA means the Deed of Company Arrangement executed on 24 September 2010 between the Deed Administrators and the Creditors.

Existing Shares means the fully paid ordinary shares in the Company on issue as at the date of this Notice of Meeting.

Existing Shareholder means the holder of an Existing Share.

Expert or Independent Expert means BDO Kendalls.

Expert's Report or Independent Expert's Report means the report of the Expert attached to and forming part of the Explanatory Statement.

Explanatory Statement means the Explanatory Statement accompanying the Notice of Meeting.

Former Directors means a person who was a director of the Company at the Administration Date and who has ceased to be such.

Hemisphere Investment Partners means Hemisphere Investment Partners Pty Ltd (ACN 139 868 269)

Hemisphere Investment Partners Group means Hemisphere Investment Partners or its nominees, the Directors and/or their Associates.

Listing Rules means the Listing Rules of the ASX.

New Share(s) means a fully paid ordinary share in the Company after the Consolidation.

New Option(s) means an option to acquire a fully paid ordinary share in the Company after the Consolidation, with such terms outlined in Annexure 1.

Notice of Meeting means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

Official List means the official list of the ASX.

Directors mean collectively Mr Benjamin Bussell, Mr Gino D'Anna and Mr Darren Olsen.

Prospectus means the prospectus to be issued by the Company and referred to in Resolution 4.

Prospectus Issue means the issue of:

- 60,000,000 New Shares at a price of not less than 0.5 cents each per Share to Hemisphere Investment Partners or its nominees to raise not less than \$300,000;
- 35,000,000 New Shares at a price of not less than 0.01 cents per Share to Hemisphere Investment Partners or its nominees to raise not less than \$3,500;
- up to 220,000,000 New Shares in the Company at a price of 1 cent each to raise not less than \$2,200,000 with availability being made to accept oversubscriptions; and
- 80,000,000 New Options in the Company to the Hemisphere Investment Partners or its nominees.

Recapitalisation Proposal means the proposal for the recapitalisation of the Company as described in Section 2 of this Explanatory Statement.

Reconstruction Deed means the Reconstruction Deed executed on 24 September 2010 between Deed Administrator, the Company and Hemisphere Investment Partners.

Resolution means a resolution to be considered at the Annual General Meeting as contained in the Notice of Meeting.

Section means a section of this Explanatory Statement.

Settlement Sum means the payment of \$780,000 to the Trustee of the Creditors Trust in full and final satisfaction of the claims under the DOCA.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Subsidiary Shares means all of the shares held by the Company in the capital of ACN 051 792 495 Pty Ltd.

Trust Assets means the Trust Fund.

Trust Fund means the trust fund referred to in Section 2.6 of the Explanatory Statement.

Trustee(s) means either the trustees of the Trust Fund and/or the Administrators (as applicable).

WST means Western Standard Time in Australia.

ANNEXURE 1

TERMS OF NEW OPTIONS TO BE ISSUED UNDER RESOLUTION 3

- (a) The exercise price of each New Option is 1 cent per share ("the Exercise Price").
- (b) Each New Option will automatically lapse if not exercised on or before 31 December 2014.
- (c) Each New Option shall entitle the holder to subscribe for and to be allotted one share in the capital of the Company upon exercise of the New Option and payment to the Company of the Exercise Price.
- (d) A New Option may be exercised by the optionholder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the exercise price and the statement for the New Option, to the Company's share registry. If the optionholder holds more than one New Option, the New Options may be exercised in whole or in part.
- (e) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (f) Subject to any restrictions in the Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys the number of shares specified in the notice will be allotted.
- (g) Each statement will bear a suitable form of notice of exercise of the New Options, endorsed on the back of the statement, for completion by the optionholder (if required). If the New Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the optionholder with a fresh statement for the balance of the New Options held and not yet exercised.
- (h) The period during which the New Options may be exercised cannot be extended.
- (i) The optionholder is not entitled to participate in new issues of securities offered to shareholders. The optionholder can participate in new issues of securities offered to shareholders if the New Option is exercised before the relevant record date for that new issue.
- (j) If from time to time before the expiry of the New Options the Company makes an issue of shares to the holders of ordinary shares by way of capitalisation of profits or reserves (a "bonus issue") other than in lieu of a dividend payment, then upon exercise of a New Option the optionholder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to it upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its New Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank *pari passu* in all respects with the other shares allotted upon exercise of the New Options.
- (k) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any New Options, all rights of the optionholder will be reconstructed (as appropriate) in accordance

with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.

- (l) Shares allotted pursuant to the exercise of the New Options will rank equally with the then issued shares of the Company.
- (m) Should the Company at any time over the life of the New Option be readmitted to ASX and an optionholder exercises New Options post the readmission date, the Company undertakes to apply for official quotation by ASX of all shares allotted pursuant to the exercise of any New Options, within 10 business days of the date of allotment of those new shares.
- (n) Other than as referred to above, a New Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

SOLVERDI WORLDWIDE LIMITED
ACN 096 687 839
PROXY FORM

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Solverdi Worldwide Limited and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the Annual General Meeting of Solverdi Worldwide Limited to be held at The Country Women's Association of Western Australia (Inc), 1176 Hay Street, West Perth WA 6005 on 19 April 2011 at 10:00 am (WST) and at any adjournment of that meeting.

☐

The Chairman
of the meeting

(mark with an 'X')

OR

IMPORTANT:

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do **not** wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll. The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

If the person you are appointing as your proxy is someone other than the Chairman of the meeting:

Write the name of that person in the box below.

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

If you hold 2 or more Shares in Solverdi Worldwide Limited you may appoint a second proxy:

Write the name of your second proxy in the box below.

 %

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
(b) if you have appointed 2 proxies under this proxy form.

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of the Company to be held at The Country Women's Association of Western Australia (Inc), 1176 Hay Street, West Perth WA 6005 on 19 April 2011 at 10:00 am (WST) and at any adjournment of that meeting.

Voting directions to your proxy - Please mark only one of the boxes with an "X" for each resolution to indicate your directions.

Special Business

		For	Against	Abstain
Resolution 1:	Consolidation of Capital	☐	☐	☐
Resolution 2:	Reduction of Capital	☐	☐	☐
Resolution 3:	Issue of New Shares and New Options – Hemisphere Investment Partners or its nominees	☐	☐	☐
Resolution 4:	Issue of New Shares – Prospectus Issue	☐	☐	☐
Resolution 5:	Participation by Directors in Prospectus Issue	☐	☐	☐
Resolution 6:	Issue of New Shares – Hemisphere Investment Partners (Conversion of Deposit Loan)	☐	☐	☐

Resolution 7:	Issue of New Shares – Hemisphere Investment Partners (Proponent Fee Shares)	☐	☐	☐
Resolution 8:	Adoption of New Constitution	☐	☐	☐
Resolution 9:	Change of Name	☐	☐	☐
Resolution 10:	Election of Mr Benjamin Bussell	☐	☐	☐
Resolution 11:	Election of Mr Gino D'Anna	☐	☐	☐
Resolution 12:	Election of Mr Darren Olsen	☐	☐	☐

If you mark the “Abstain” box with an “x” for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

PLEASE SIGN HERE
implemented

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

**Sole Director and
Sole Company Secretary**

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

1 Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this

form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting, i.e. no later than 5:00 pm (WST) on 15 April 2011. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to PO Box 52 West Perth WA 6872 or sent by facsimile to (08) 9486 4799 before 5:00 pm (WST) on 15 April 2011.

SOLVERDI WORLDWIDE LIMITED
Independent Expert's Report

24 February 2011



Financial Services Guide

24 February 2011

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“**BDO**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged by Solverdi Worldwide Limited (“**Solverdi**”) to provide an independent expert’s report on the proposed recapitalisation of the Company. You will be provided with a copy of our report as a retail client because you are a shareholder of Solverdi.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$15,000 - \$18,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

We have received a fee from Solverdi for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“FOS”). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

24 February 2011

The Directors
Solverdi Worldwide Limited
Ground floor
1306 Hay Street
WEST PERTH WA 6005

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 7 October 2010 Solverdi Worldwide Limited ("**Solverdi**") or ("**the Company**") announced it had entered into a Deed of Company Arrangement ("**DOCA**"). The Company has proposed a recapitalisation of the Company ("**the Proposal**"), whereby:

- 1) The share capital will be consolidated on a one to three basis, and reduced by applying accumulated losses considered permanently lost against the share capital;
- 2) New shares and options will be issued to Hemisphere Investment Partners or its nominees ("**Hemisphere Group**") to increase its share from a current interest of nil to a maximum of 92.6%; and
- 3) New shares will be issued under a prospectus to make funds available to the Administrators and Creditors Trust.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Solverdi have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") for inclusion within a Notice of Meeting to be prepared by the directors of Solverdi. The Notice of Meeting will address the proposed recapitalisation of the Company. An independent expert's report is required under section 611 item 7 of the Corporations Act because as a result of the Proposal, the voting power of Hemisphere Group may increase from a current nil interest to a maximum interest of 92.6%. Our Report will express an opinion as to whether or not the Proposal is fair and reasonable to the non associated shareholders of Solverdi ("**Shareholders**").

Our Report is prepared pursuant to section 611 of the Corporations Act in order to assist the Shareholders in their decision whether to approve the Proposal, and is to be included in the Notice of Meeting for Solverdi to be sent to all Shareholders.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 (“RG 111”), ‘Content of Expert’s Reports’ and Regulatory Guide 112 (“RG 112”) ‘Independence of Experts’.

In arriving at our opinion, we have assessed the terms of the Proposal as outlined in the body of this report. We have considered:

- How the value of a Solverdi share prior to the Proposal compares to the value of a Solverdi share following the Proposal;
- The likelihood of a superior alternative offer being available to Solverdi;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposal; and
- The position of Shareholders should the Proposal not proceed.

2.3 Opinion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is fair and reasonable to the Shareholders.

2.4 Fairness

In Section 11 we determined how the Proposal consideration compares to the value of a Solverdi share, as detailed hereunder.

	Ref	Low \$	High \$
Current value of a Solverdi share	9.1	nil	nil
Value of a Solverdi share post Proposal	10	0.004	0.004

Solverdi is currently in administration with no cash and negative net assets on its balance sheet at 31 December 2010, resulting in the value of a Solverdi share to be nil.

The above pricing indicates that the Proposal is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Sections 11 and 12 of this report, in terms of both

- advantages and disadvantages of the Proposal; and
- alternatives, including the position of Shareholders if the Proposal does not proceed.

In our opinion, the position of Shareholders if the Proposal is approved is more advantageous than the position if the Proposal is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Proposal is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.4	The Transaction is fair	13.5	Dilution of existing shareholders
13.4	Additional funds will be raised via the recapitalisation of the Company enabling satisfaction of outstanding debts and payments to the Administrators and Creditor's Trust. All existing provable debts against the Company will be released, extinguished and barred, with Admitted Creditors' claims only able to be met from the Trust Assets.	13.5	The Proposal will result in Hemisphere having a maximum controlling interest of approximately 93%.
13.4	Solverdi will use part of the funds raised to seek reinstatement to trading on the ASX.		

Other key matters we have considered include:

Section	
13.1	The lack of alternative Proposals
13.2	The practical level of control

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act Regulations (**"the Act"**) expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Solverdi, by either:

- undertaking a detailed examination of the Proposal themselves, if they consider that they have sufficient expertise; or

- by commissioning an Independent Expert's Report.

The directors of Solverdi have commissioned this Independent Expert's Report.

3.2 Regulatory guidance

The Act does not define the meaning of “fair and reasonable”. In determining whether the Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

In our opinion the Proposal is a control transaction as defined by RG 111 and we have therefore assessed the Proposal to consider whether in our opinion it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of a Solverdi share prior to the Proposal and the value of a Solverdi share following the implementation of the Proposal (fairness - see Section 11 “Is the Proposal Fair?”); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 12 “Is the Proposal Reasonable?”).

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances

4. Outline of the Proposal

The directors have proposed a recapitalisation of the Company (“the Proposal”) for the purpose of restructuring the Company’s issued capital and net asset base, providing working capital and providing a new Board and direction to the Company. Further, following completion of the capital raising which will enable satisfaction of outstanding debts and payment to the Administrators and Creditors’ Trust, all existing provable debts against the Company will be released, extinguished and barred, with Admitted Creditors’ claims only able to be met from the Trust Assets.

Following recapitalisation of the Company, it is proposed that the Company will be in a position to make an application for reinstatement of trading of its shares on ASX, subject to compliance with ASX and Corporations Act regulatory requirements.

The proposed recapitalisation is as follows:

- 1) Consolidate the current share capital on a 1 for 3 basis;
- 2) Reduce the capital of the Company by applying a portion of the accumulated losses of the Company against the share capital which is considered permanently lost;
- 3) Issue to Hemisphere Group:
 - a) 35 million new shares at an issue price of \$0.0001;
 - b) 60 million shares at an issue price of \$0.005; and
 - c) 80 million options exercisable at \$0.01 before 31 December 2014.
- 4) Issue up to 220 million shares at a price not less than \$0.01 under a prospectus; and
- 5) Of the funds raised pursuant to the prospectus issue, \$780,000 (less the deposit loan amount paid) will be made available to the Administrators and Creditors Trust;
- 6) Issue 15 million shares by way of a priority offer to Hemisphere under the prospectus for payment of a \$75,000 deposit, pursuant to the conversion of the deposit loan provided by Hemisphere in accordance with the DOCA; and
- 7) Issue 20 million shares by way of a priority offer to Hemisphere under the prospectus in consideration for corporate advisory services in respect of the proposal.

The total shares and options to be issued under the Proposal are summarised below:

Description	Resolution	Number of shares	Number of options
Existing shares	-	103,799,882	-
Recapitalisation Proposal (post consolidation)			
1:3 Consolidation	Resolution 1	(69,199,921)	-
Issue to Hemisphere Group	Resolution 3	95,000,000	80,000,000
Prospectus Issue Hemisphere Group, Directors and the general public	Resolution 4	220,000,000	-
Issue to Hemisphere Group (Deposit Loan Note)	Resolution 6	15,000,000	-
Issue to Hemisphere Group (Proponent Fee Shares)	Resolution 7	20,000,000	-
TOTAL		384,599,961	80,000,000

All of resolutions 1 to 7 are interdependent. This means that all of these resolutions must be approved together. If one is not approved, then it will not be possible to approve the others.

The respective shareholdings of the current shareholders, Hemisphere's nominees and its Directors, and unrelated parties following the approval of the Proposal is summarised below:

Shares	Current (shares in millions)	Hemisphere & Nominees (shares in millions)	Hemisphere directors (shares in millions)	Unrelated parties (shares in millions)	Total shares (millions)
Existing	103.8	-	-	-	-
Consolidation (Resolution 1)	34.6	-	-	-	34.6
Shares issue (Resolution 3)	-	65.0	30.0	-	95.0
Prospectus issue (Resolution 4 & 5)	-	-	30.0	190.0	220.0
Loan notes (Resolution 6)	-	15.0	-	-	15.0
Proponent fee (Resolution 7)	-	12.5	7.5	-	20.0
TOTAL					384.6

Options	Current (options in millions)	Hemisphere & Nominees (options in millions)	Hemisphere directors (options in millions)	Unrelated parties (options in millions)	Total options (millions)
Options (Resolution 3)	-	50.0	30.0	-	80.0

Following the share issues, Hemisphere and its nominee's interests in Solverdi will increase from their current nil shareholding to 24.1%.

If Hemisphere and its nominees act collectively with its Directors, then their combined shareholding would be 41.6% following the share issue.

The maximum number of shares to be issued under the Prospectus issue (Resolution 4) is 220 million, of which a maximum of 10 million is to be issued to each of the three Hemisphere Directors. Hemisphere and the Directors determine to whom the shares will be issued. If Hemisphere and its nominees were to acquire these shares, their total combined interest would increase to 91.0%.

If the 80 million options were exercised by Hemisphere and its nominees and its Directors, their combined interest would increase to 92.6%.

5. Profile of Solverdi

5.1 History

Solverdi Worldwide Limited (ASX: SWW), previously known as the Australian Biodiesel Group Limited, is a renewable energy company which was registered on 3 March 2001 and listed on the Australian Securities Exchange (ASX) on 14 December 2005. During its peak, Solverdi offered a range of renewable energy products including biodiesel, biomass fuels and renewable diesel for back up and standby power supplies. The company was able to generate electricity during peak periods at 15-20% below peak rates per kilowatt hour and also produced steam, compressed air and recaptures non-potable water.

Solverdi was placed into voluntary administration on 18 March 2010. Current operations are based on technology and a licence agreement, which include various renewable energy technologies, with White Mountain. Solverdi now embarks upon a restructured business plan supported by the proposed recapitalisation. The Company is interested to pursue new projects by way of acquisition or investment in metal and mining commodities, energy and energy related investments with a particular interest in renewable energy.

5.2 Historical Balance Sheet

	As at 31-Dec-10	As at 31-Dec-09
Balance Sheet	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	-	1,397,000
Trade and other receivables	696	7,386,000
TOTAL CURRENT ASSETS	696	8,783,000
NON-CURRENT ASSETS		
Property, plant & equipment	-	13,208,000
Intangible assets	-	4,071,000
TOTAL NON-CURRENT ASSETS	-	17,279,000
TOTAL ASSETS	696	26,062,000
CURRENT LIABILITIES		
Trade and other payables	6,420,258	4,224,000
Provisions	-	99,000
Short term financial liabilities	75,000	-
TOTAL CURRENT LIABILITIES	6,495,258	4,323,000

NON-CURRENT LIABILITIES		
Long term provisions	-	28,000
TOTAL NON-CURRENT LIABILITIES	-	28,000
TOTAL LIABILITIES	6,495,258	4,351,000
NET ASSETS	(6,494,562)	21,711,000
EQUITY		
Issued capital	79,727,070	72,320,000
Other reserves	341,806	239,000
Accumulated losses	(86,563,438)	(50,848,000)
TOTAL EQUITY	(6,494,562)	21,711,000

Source: Solverdi Worldwide Ltd unaudited financial statements provided by management.

Solverdi was placed into administration, and trading on the ASX was suspended, on 18 March 2010.

5.3 Historical Income Statements

	Year ended 31-Dec-10	Year ended 31-Dec-09
Income Statement	\$	\$
Revenue	-	12,028,000
Expenses		
Raw material & consumables	-	(3,993,000)
Employee benefits expense	-	(1,710,000)
Depreciation & amortization expense	-	(89,000)
Sales and marketing	-	(10,000)
Impairment Write Down	-	(4,672,000)
Occupancy & Administration	(4,604)	(312,000)
Other expenses	-	(2,660,000)
Total expenses	(4,604)	(13,446,000)
Loss before income tax expense	(4,604)	(1,418,000)
Income tax expense	-	-
Loss for the period	(4,604)	(1,418,000)

Source: Solverdi Worldwide Ltd unaudited financial statements provided by management.

There has been a lack of activity between 18 March 2010 and 31 December 2010 with the Company being in a state of care and maintenance since going into administration.

We have not undertaken a review of Solverdi's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

5.4 Capital Structure

The share structure of Solverdi as at 18 February 2011 is outlined below:

	Number
Total Ordinary Shares on Issue	103,799,882
Top 20 Shareholders	73,693,612
Top 20 Shareholders - % of shares on issue	71.0%

Source: Link Market Services report provided by Solverdi management.

The range of shares held in Solverdi as at 17 February 2011 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	%Issued Capital
1-1,000	939	416,726	0.40%
1,001-5,000	688	1,871,202	1.80%
5,001-10,000	292	2,348,503	2.26%
10,001-100,000	438	14,074,303	13.56%
100,001 - and over	79	85,089,148	81.97%
TOTAL	2,436	103,799,882	100%

Source: Link Market Services snapshot provided by Solverdi management.

The ordinary shares held by the most significant shareholders as at 17 February 2011 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
White Mountain Group LLC	49,719,884	47.9%
Optex Exchange Pty Ltd	2,148,660	2.07%
Prof Alan Johnathan Berrick	1,879,220	1.81%
National Nominees Ltd	1,508,700	1.45%
Total Top 4	55,256,464	53.23%
Others	48,543,418	46.77%
Total Ordinary Shares on Issue	103,799,882	

Source: Link Market Services snapshot provided by Solverdi management.

6. Economic analysis

6.1 Current Economic Conditions

Global output grew strongly in 2010, notwithstanding the relatively subdued performance of several of the major economies. The Chinese and Indian economies in particular have recorded very strong expansions, and price pressures, particularly for food and raw materials, have picked up. Concerns about sovereign creditworthiness in Europe have remained prominent and uncertainty from this source seems likely to persist for some time. Overall, however, the global economy continues to look strong going into 2011. Commodity prices have remained high and in many instances have risen further over recent months.

Australia's terms of trade are at their highest level since the early 1950s and national income is growing strongly. There have been further indications that private investment is beginning to pick up in response to high levels of commodity prices. In the household sector thus far, in contrast, there continues to be caution in spending and borrowing, and an increase in the saving rate. Asset values have generally been little changed over recent months and overall credit growth remains quite subdued, notwithstanding evidence of some greater willingness to lend.

Employment growth was unusually strong in 2010. Most leading indicators suggest further growth, though most likely at a slower pace. After the significant decline in 2009, growth in wages picked up somewhat last year. Some further increase is likely over the coming year.

Inflation is consistent with the medium-term objective of monetary policy, having declined significantly from its peak in 2008. Recent data shows underlying inflation at around 2¼ per cent in 2010. The CPI rose by about 2¾ per cent, reflecting the once-off effect of the increase in tobacco excise. These moderate

outcomes are being assisted by the high level of the exchange rate, the earlier decline in wages growth and strong competition in some key markets, which have worked to offset large rises in utilities prices. The Reserve Bank of Australia expects that inflation over the year ahead will continue to be consistent with the 2-3 per cent target.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 February 2011

7. Industry analysis

The energy industry includes the discovery, production, distribution and sale of energy. There are two main sources of energy: renewable energies and fossil fuels. Renewable energy refers to sources of energy that are inexhaustible and can be replenished indefinitely such as biodiesel, wind and water. Fossil fuels refer to sources of energy that are formed over millions of years by natural resources such as decomposing plants. These form commodities such as coal, petroleum and gas but cannot be replenished indefinitely. The fossil fuel industry is concentrated and dominated by many large firms such as BHP Billiton Limited and Exxon Mobil. Approximately 80% of the world's energy consumption is fuelled by fossil fuels.

Fossil fuel is a commodity which is dominated by global supply and demand. Even after the discovery of renewable energy, fossil fuels still provide most of the world's energy because it is still more cost efficient than most renewable sources of energy. US Dollar crude oil prices have increased over the last five years through 2010-11. The prices reflect the continued instability in the Middle East and the high demand from China. Fossil fuel is still expected to remain profitable and will likely increase in the short to medium term but may decrease over the long term. Efforts such as emissions trading schemes have been used around the world in an attempt to decrease the use of fossil fuels. While fossil fuels remain the dominant source of energy, the world's supply of fossil fuels is rapidly decreasing. Coupled with a deeper understanding of the effects of global warming, renewable energy is becoming more prevalent.

Renewable energy has been used throughout history but only recently has begun to play a key part in society. Declining fossil fuels and an increased understanding of global warming have started a major shift towards renewable energy research and development. Currently, the majority of renewable energy is less cost efficient than traditional fossil fuels. However, governments worldwide have begun an aggressive push towards clean energy, subsidising companies which invest in the development, research and use of clean energy. Nuclear energy, a relatively new technology, is many times more cost efficient than traditional oil and gas but is cost and technology intensive to establish. Uranium, the main source of nuclear energy, has faced strong political opposition; but opinions have begun to change. The world's energy situation is precariously balanced, with increased awareness on the issues surrounding fossil fuels; renewable energy has been given an opportunity to make a large impact on the industry. It is commonly agreed that the long term outlook for the renewable energy industry is positive but it is presently still heavily dependent on government and consumer support.

8. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Net Tangible Assets on a going concern basis (“NTA”)
- Quoted Market Price Basis (“QMP”)
- Capitalisation of future maintainable earnings (“FME”)
- Discounted Cash Flow (“DCF”)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Solverdi’s shares we have chosen to employ the following methodology:

- Net Tangible Assets on a going concern basis (“NTA”)

We have chosen this as our primary methodology for the following reasons:

- Solverdi is listed on the ASX however they were suspended from quotation on 18 March 2010 following the appointment of voluntary administrators by the Company. This means that Quoted Market Price Basis valuation is not appropriate;
- Solverdi does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate;
- Solverdi has no foreseeable future net cash inflows and therefore the application of DCF is not possible.

9. Valuation of Solverdi

9.1 Net Tangible Asset Valuation of Solverdi

The value of Solverdi’s assets is reflected in our valuation below:

		Unaudited As at 31-Dec-10
Balance Sheet	Ref	\$
CURRENT ASSETS		
Cash and cash equivalents		-
Trade and other receivables		696
TOTAL CURRENT ASSETS		696
TOTAL ASSETS		696
CURRENT LIABILITIES		
Trade and other payables		6,420,258

Provisions	-
Short term financial liabilities	75,000
TOTAL CURRENT LIABILITIES	6,495,258
TOTAL LIABILITIES	6,495,258
NET ASSETS	(6,494,562)
Shares on issue	103,799,882
Value of a Solverdi share	(0.06)

We have been advised that there has not been a significant change in the net assets of Solverdi since 31 December 2010.

The table above indicates the net asset value of a Solverdi share is \$(0.06). As such, a Solverdi share has no value prior to the implementation of the Proposal.

9.2 Assessment of Solverdi Value

The results of the valuation performed is summarised in the table below:

	Low	High
	\$	\$
Net tangible assets (Section 10.1)	nil	nil

Based on the results above we consider the value of a Solverdi share to be nil.

10. Valuation of a Solverdi share following implementation of the Proposal

	Pre Proposal	Post Proposal
Balance Sheet	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	-	1,508,500
Trade and other receivables	696	-
TOTAL CURRENT ASSETS	696	1,508,500
TOTAL ASSETS	696	1,508,500
CURRENT LIABILITIES		
Trade and other payables	(6,420,258)	-
Short term financial liabilities	(75,000)	-
TOTAL CURRENT LIABILITIES	(6,495,258)	-
TOTAL LIABILITIES	(6,495,258)	
NET ASSETS	(6,494,562)	1,508,500
Shares on issue	103,799,882	384,599,961
Value of a Solverdi share	(0.06)	0.004

The following adjustments have been made to the post Proposal balance sheet:

Cash and cash equivalents

Hemisphere will pay Solverdi \$303,500 as consideration for 95,000,000 new shares as contemplated by Resolution 3. For this purpose, \$303,500 has been added to cash and cash equivalents.

Under the DOCA, \$705,000 will be deposited by the Company into a trust account nominated by the Administrators following the Prospectus issue. We have therefore removed \$705,000 from the cash and cash equivalents class.

Under the DOCA, the Company is to pay Hemisphere a corporate consultancy fee of \$50,000 by way of cash payment. Alternatively, at the discretion of Hemisphere, this amount may be settled by way of the Company issuing 10,000,000 shares to Hemisphere. Hemisphere advises that the corporate consultancy fee of \$50,000 will be paid via a cash payment upon the re-instatement and re-listing of the Company to the Official List of the ASX. We have therefore removed \$50,000 from cash and cash equivalents.

An amount of \$240,000 has been deducted from the cash balance above to take into consideration the expenses associated with recapitalisation, including legal fees associated with the preparation of meeting

documents, recapitalisation and reconstruction documents, ASX and ASIC fees, postage and share registry fees. This also includes brokerage fees paid on the public capital raising at a rate of 5% plus GST.

The Company is to undertake a public offering via a prospectus to be lodged with the ASIC to raise \$2.2 million through the placement of 220,000,000 shares at \$0.01 per share (Resolution 4). For this purpose \$2,200,000 has been added to cash and cash equivalents class.

Trades and receivables

Upon receiving the cash payable for trade and other receivables, this amount will be deposited into the Creditors' Trust account. For this reason, trade and other receivables will be removed from the balance sheet and the Company will have no remaining liabilities.

Liabilities

The Company will pay \$780,000 to the Trustee of the Creditors' Trust to settle any claims on the Company. For this purpose, all liabilities have been removed from the balance sheet.

11. Is the Proposal fair?

The value of a Solverdi share at 31 December 2010 and the value of a Solverdi share post Proposal is compared below:

	Ref	Low \$	High \$
Value of a Solverdi share pre Proposal	9.2	nil	nil
Value of Solverdi share post Proposal	10.0	0.004	0.004

We note from the table above that the value of a Solverdi share after the recapitalisation Proposal is greater than the current value of a Solverdi share. Therefore, we consider that the Proposal is fair.

12. Is the Proposal reasonable?

12.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Solverdi a premium over the value ascribed to that resulting from the Proposal.

12.2 Practical Level of Control

If the Proposal is approved then Hemisphere may hold an interest of up to 92.6% in Solverdi. In addition to this, Solverdi will have three Board members nominated by Hemisphere.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue

to be voted in favour to approve a matter. If the Proposal is approved then Hemisphere will be able to block and pass special and general resolutions.

Solverdi's Board currently comprises nil directors. Hemisphere will nominate three directors pursuant to the **DOCA** which was entered into by the Company on 24 September 2010. This means that Hemisphere nominated directors will make up 100% of the Board.

Hemisphere's control of Solverdi following the Proposal will be significant, at 92.6%, when compared to all other shareholders. Therefore, in our opinion, while Hemisphere will be able to significantly influence the activities of Solverdi, it will not be able to exercise a similar level of control as if it held 100% of Solverdi. As such, Hemisphere should be expected to pay a similar premium for control as if it were acquiring 100% of Solverdi.

If Hemisphere choose to issue all of the 220 million shares (Resolution 4) to unrelated parties and do not exercise their options, then the minimum interest issued to Hemisphere under the Prospectus will be 34%.

12.3 Consequences of not Approving the Proposal

Without the proposed recapitalisation set out in the Proposal, Solverdi would remain in administration and not have sufficient funds to seek reinstatement to trading on the ASX.

12.4 Advantages of Approving the Proposal

We have considered the following advantages when assessing whether the Proposal is reasonable.

Advantage	Description
The Proposal is fair	As set out in Section 11, the Proposal is fair. RG 111 states that an offer is reasonable if it is fair.
Additional funds raised	Additional funds will be raised via the recapitalisation of the Company enabling satisfaction of outstanding debts and payments to the Administrators and Creditors' Trust. All existing provable debts against the Company will be released, extinguished and barred, with Admitted Creditors' claims only able to be met from the Trust Assets. Solverdi will use part of the funds raised to seek reinstatement to trading on the ASX.

12.5 Disadvantages of Approving the Proposal

If the Proposal is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing shareholdings	The consideration to be paid involves the issue of approximately 350 million ordinary shares and 80,000,000 share options in Solverdi. Any dilution in the percentage of shares held by a shareholder reduces the interest they have in any potential dividends and distributions that may be paid by a company.
Practical level of control	If the Proposal is approved then Hemisphere may hold an interest of up to approximately 93% in Solverdi. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Proposal is approved then Hemisphere will be able to block and pass special resolutions.

13. Conclusion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is fair and reasonable and in the best interests to the Shareholders of Solverdi.

14. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Unaudited financial statements of Solverdi for the year ended 31 December 2009;
- Unaudited management accounts of Solverdi for the year ended 31 December 2010;
- Share registry information;
- Deed of Company Arrangement;
- Information in the public domain; and
- Discussions with Directors and Management of Solverdi.

15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$15,000 - \$18,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Solverdi in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Solverdi, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Solverdi and Hemisphere and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independence of Solverdi and Hemisphere and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Solverdi, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Solverdi and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 140 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 12 years in the Audit and Assurance and Corporate Finance areas.

17. Disclaimers and Consents

This report has been prepared at the request of Solverdi for inclusion in the Explanatory Statement which will be sent to all Solverdi Shareholders. Solverdi engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed recapitalisation of the Company whereby:

- The share capital will be consolidated on a one to three basis, and reduced by applying accumulated losses considered permanently lost against the share capital;
- New shares and options will be issued to Hemisphere Investment Partners or its nominees ("**Hemisphere Group**") to increase its share from a current interest of nil to a maximum of 92.6%;
- New shares will be issued under a prospectus to make funds available to the Administrators and Creditors Trust.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Statement other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Solverdi or Hemisphere in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Hemisphere. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Solverdi, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

A handwritten signature in black ink, appearing to read 'Sherif Andrawes', with a long horizontal flourish at the end.

Director

Adam Myers

A handwritten signature in black ink, appearing to read 'Adam Myers', with a stylized, looped structure.

Associate Director

Authorised Representative

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Solverdi	Solverdi Worldwide Limited
The Company	Solverdi Worldwide Limited
Hemisphere Group	Hemisphere Investment Partners
DOCA	Deed of Company Arrangement
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FMD	Future Maintainable Dividends
FME	Future Maintainable Earnings
ROC	Return of Capital
NTA	Net Tangible Assets
The Proposal	The proposal for recapitalisation of the Company
Our Report	This Independent Expert's Report prepared by BDO
VWAP	Volume Weighted Average Price
Shareholders	Shareholders of Solverdi not associated with Hemisphere

Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 **Net tangible asset value on a going concern basis (“NTA”)**

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 **Quoted Market Price Basis**

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.