



***ARISE***  
*TECHNOLOGIES CORPORATION*

**Annual Information Form**

**For The Fiscal Year Ended December 31, 2008**

**DATED: MARCH 24, 2009**

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## **Information Incorporated by Reference**

The information that appears in the annual Management's Discussion and Analysis for the financial year ended December 31, 2008 (the "2008 MD&A") of ARISE Technologies Corporation ("ARISE" or "the Company") is hereby incorporated by reference in, and forms part of, this Annual Information Form. All financial figures are in Canadian dollars, unless otherwise noted. The 2008 MD&A is available electronically at [www.sedar.com](http://www.sedar.com).

## **Cautionary Statement Regarding Forward-looking Statements**

Certain information in this annual information form ("AIF"), including the documents incorporated by reference herein, and in other public announcements and statements by the Company is forward-looking and is subject to important risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals and objectives. When used in such documents, the words "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "will", "believes", or variations of such words and phrases often, but not always, identify forward looking statements. Forward-looking statements involve known and unknown risks. Factors which could cause actual results or events to differ materially from current expectations include, among other things: the ability of the Company to successfully implement its strategic plan and whether such strategic plan will yield the expected benefits; the ability of the Company to develop, promote and protect the businesses in which the Company participates; the outcome of legal proceedings as they arise; general economic conditions and normal business uncertainty; the Company's ability to complete its expansion plans, successful completion of research and development programs; performance of the Company's management team and the Company's ability to attract and retain skilled employees; operating the Company's business profitably; fluctuations in revenue and foreign currency exchange rates; interest rate fluctuations and other changes in borrowing costs; changes in laws, rules and regulations applicable to the Company or the markets in which the Company operates; the ability to develop and maintain strategic relationships; and the factors identified under the heading "Risk Factors". Should one or more of the foregoing risks and uncertainties materialize, or should the Company's estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements. Forward-looking statements include all disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions, and ARISE does not undertake any obligation to update forward-looking statements should assumptions related to the plans, estimates, projections, beliefs and opinions change.

In particular, this AIF, and the documents incorporated by reference, contain forward-looking statements pertaining to the following:

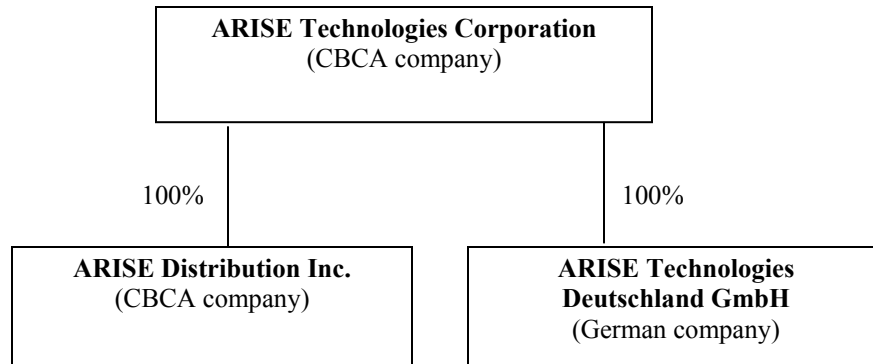
- financial results;
- products under development;
- sales activities;
- supply chain activities;
- technological developments;
- proposed manufacturing plants;
- expectations regarding the ability to raise capital; and
- research and capital expenditure programs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF:

- competition;
- departure of key personnel or consultants;
- inability to introduce new technology and new products in a timely manner;
- misappropriation of proprietary information;
- inability to timely complete new manufacturing plants;
- fluctuation in foreign exchange or interest rates;
- reliance on key suppliers;
- reliance on key customers;
- product liability;
- stock market volatility and market valuations; and
- the other factors discussed under “Risk Factors”.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward looking statements contained in this AIF and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Except as required by law, ARISE undertakes no obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading “Risk Factors” in this Annual Information Form.

# 1. Corporate Structure



ARISE Technologies Corporation (“ARISE” or the “Company”) was originally incorporated under the laws of British Columbia as CVCC Holdings Inc. in 1993. By Articles of Amendment, the Company changed its name to ARISE Technologies Corporation on March 12, 1997. On June 30, 2003, ARISE changed its jurisdiction of incorporation from British Columbia to the federal Canadian jurisdiction and amalgamated with Intercedent Ventures Ltd. The Company is now subject to the *Canada Business Corporations Act*. The executive offices of ARISE are located at 65 Northland Road, Waterloo, Ontario, Canada, N2V 1Y8.

ARISE Distribution Inc. (“ADI”) is a wholly owned subsidiary of ARISE which was incorporated on June 18, 2004 under the *Canada Business Corporations Act*.

ARISE Technologies Deutschland GmbH (“ARISE Germany”) is a wholly-owned German subsidiary of ARISE with offices at Thormeyerstrasse 1, 01877 Bischofswerda, Germany.

## 2. Description of Business

### 2.1 General

ARISE is a Canadian-based solar technology company, dedicated to becoming a leader in high performance, cost-effective solar technology. In contrast to significant growth rates experienced by the solar energy industry over recent years, in late 2008 and early 2009, the capital market turmoil and recessionary environment significantly slowed the growth of the solar industry. Lux Research predicted in February 2009 that the supply of solar cells and modules will be greater than demand in 2009; the Company believes that this will result in price reductions which will push solar electricity costs closer to grid parity and prime the market for recovery and growth.

ARISE became a reporting issuer on May 27, 2002 as a value-added wholesaler and systems integrator of photovoltaic (“PV”) electricity generating systems, and began trading on the TSX Venture Exchange under the symbol “APV” on July 22, 2003. As of March 28, 2006, the common shares of ARISE started trading on the Frankfurt Open Market System under the symbol “A3T”. On December 21, 2007 ARISE common shares began trading on the Toronto Stock Exchange under the symbol APV and were delisted from the TSX Venture Exchange.

ARISE has three operating divisions:

1. PV Cell Division;
2. PV Silicon Division; and
3. PV Systems Division.

## ***2.2 PV Cell Division***

### **A) Products and Services**

ARISE’s PV Cell Division is focused on developing new PV cell technologies and on the manufacturing of PV cells. ARISE’s PV Cell Division is currently in the process of developing a high-efficiency (20%+) thin-film on silicon wafer heterojunction PV solar cell based on current proprietary patented process technology. ARISE owns a U.S. manufacturing process patent (DC saddle-field deposition) related to depositing thin-films on substrates. This patent expired in 2008, however, ARISE has filed a number of patent applications related to new developments of this base technology. PV Cell research is performed in collaboration with the University of Toronto, the University of Waterloo and McMaster University along with various research institutes in Europe.

In August 2007, ARISE broke ground on its first PV cell manufacturing plant located in Bischofswerda, Germany. Initial production on line 1 of the plant commenced in April 2008.

In connection with the construction of the PV cell plant, ARISE has been awarded a non-repayable incentive grant from the Sächsische AufbauBank GmbH (“SAB”) of €12.4 million payable over the term of the project, and will be eligible to receive refundable tax credits in connection with its funding of the project in the amount of approximately €12.15 million over the term of the project, resulting in total German government funding of approximately €24.55 million. As of March 30, 2009, ARISE has received €9.6 million of the SAB grant funds. ARISE has up to three years (December 2009) to complete the project. The 80MW PV cell production plant in Bischofswerda, approximately 40 km east of Dresden, Germany is a 9,000 square meter, two storey plant that is sized for four, one hundred meter long, fully automated processing lines that start with silicon wafers and finish with PV cells ready to be sold to PV module manufacturers.

The first production line at the German plant moved to 24-hour 7 days/week production in late July 2008. The first line uses turnkey, “off the shelf” technology. This line is designed to produce 35MW of PV cells per annum with a targeted average cell efficiency of 15%. ARISE is in the process of installing the equipment for its second manufacturing line. The second line is designed to produce, on an annual basis, 45MWs of PV cells with a targeted

cell efficiency of up to 18%. It is expected that initial start-up of line 2 will occur in the second quarter of 2009.

The PV cells produced at the German plant are generally sold to PV module makers located in Germany under the terms of long term supply contracts. Total sales of PV cells in fiscal 2008 were \$34.8 million compared to zero sales in fiscal 2007.

The supply and demand of solar components (cells and modules) experienced very significant changes in late 2008 and early 2009 due to the capital market turmoil and recessionary environment. In contrast to 2007 and the first half of 2008 when demand outstripped supply of PV cells worldwide, the supply of solar cells and modules is expected to be greater than demand in 2009. This is expected to result in price reductions which the Company believes will push solar electricity closer to grid parity and prime the market for recovery and growth. ARISE has entered into long-term sales contracts with Solon AG, aleo solar AG and Asola Advanced and Automotive Solar Systems GmbH and is in active negotiations with other potential customers with respect to additional long-term sales contracts. First year pricing and quantities under the Solon AG contract are fixed. Pricing and quantities in subsequent years are to be negotiated between the parties. Pricing and quantities under the aleo and Asola contracts are fixed over the life of the contracts, each of which ends in 2012.

## B) Competitive Conditions

ARISE has, as of March 24, 2009 entered into silicon wafer supply agreements in respect of approximately 80% of its expected PV cell production and demand for 2009. Certain of these agreements are also in respect of silicon wafers supplies for years 2009 – 2017.

ARISE is targeting the high efficiency end of the PV cell market. ARISE believes that it will eventually have a competitive cost advantage by using the DC saddle-field process to build PV cells as both energy and silicon usage are lower in the manufacturing process. Downstream module manufacturers and system integrators appear to be willing to pay a premium for high efficiency cells. Management believes that this combination is a unique approach which is expected to generate superior margins once ARISE's proprietary technology is implemented at its German plant.

### Key PV Cell Statistics

Industry	2007	2008E	2009E	2010E	2011E	2012E
Cell prices (US\$/watt)	3.10	3.28	2.88	2.55	2.34	2.14
Cell revenue (US\$billions)	9.6	18.6	36.2	65.6	86.2	101.0
Silicon used (g/watt)	9.1	8.2	7.6	7.1	6.8	6.6
Pre-tax margins (%)	21%	22%	24%	26%	NA	NA
Pre-tax profit (US\$billions)	2.63	4.07	7.22	11.33	NA	NA

Source: Industry statistics from Photon Consulting, Solar Annual Report 2008

According to a July 2008 Photon Consulting report, total output of crystalline silicon (c-Si) cells and modules increased 50% to 3.9GW in 2007, and is expected to expand to at least 52.3GW in 2010. Based on current plans, when both ARISE lines are fully operational, the ARISE German plant will have an annual production capacity of 80MW, with the ability to expand to four lines.

ARISE's long term value proposition is the combination of high efficiency cells produced at a lower cost with a focus on selling to existing module manufacturers by demonstrating that they can increase their profit by using ARISE high-efficiency PV cells.

### ***2.3 PV Silicon Division***

The ARISE PV Silicon Division began in 2004 as a response to a growing worldwide silicon shortage and is currently conducting research and development on a proprietary silicon production process. Initially, the Company looked at a range of technologies to either purchase or develop on its own or in co-operation with joint-venture partners. In the fall of 2005, ARISE decided to focus its research and development efforts on a unique approach that has produced silicon (Si) at laboratory scale.

In 2007, the Company was awarded a \$6.44 million funding commitment from Sustainable Development Technologies Canada to build and equip a 50 tonne pilot plant (the "PV Silicon Project") in the Waterloo Region of Ontario, Canada. In connection with the PV Silicon Project, in 2007 the Company commissioned a mini pilot plant to prove the viability of its technology.

In October 2007, the Company executed a definitive contribution agreement with SDTC with respect to the PV Silicon Project and as of December 31, 2008 had received \$4.3 million in payments from SDTC having achieved one milestone during the year (four milestones achieved to date). To receive the SDTC funding, ARISE must deliver funding and/or "in-kind" contributions from project partners equal to \$13 million.

As of December 31, 2008, ARISE has achieved four of the milestones established for the PV Silicon Project. In addition, in 2008, ARISE commenced construction of its pilot silicon plant at a leased facility and announced that it planned to increase the targeted production capacity of the pilot plant from 50 tonnes to 400 tonnes. Research and development for the PV Silicon Project is being undertaken with a consortium of partners.

ARISE's technology strategy for the PV Silicon Project is as follows:

- Focus the silicon process on PV technology
- Pre-treat the quartzite to improve metallurgical grade silicon material for the Company's PV silicon process
- Produce trichlorosilane ("TCS") utilizing a lower cost, potentially patentable process
- Convert TCS into either rods or granular PV silicon
- Create innovations in rod processes to make it more energy efficient

ARISE commenced construction of its pilot plant for the PV Silicon Project starting in the third quarter of 2008 and expects to complete the initial phase of construction which is planned to provide for up to 50 tonnes per annum of production output in 2009 with the potential to expand to 400 tonnes of capacity in 2010.

ARISE expects that the cost to build and operate a future full-scale production plant with the refining process that is being pursued will be less than current approaches. Provided that current research and development is successfully completed and funding to construct a production plant is sourced, the Company's PV Silicon Division is expected to:

- Remove a potential barrier to growth (silicon wafer shortage) for the PV Cell Division,
- Develop an approach that could generate significant patentable technology,
- Take advantage of Canada's low cost electricity rates in certain jurisdictions,
- Leverage a component of the value chain that is expected to have high margins, and
- Leverage potential Government funding programs.

The Company has not yet identified a site for a full-scale silicon production facility. Construction of such a facility will require a significant capital investment by ARISE.

#### **Key PV Silicon Statistics**

<b>Industry</b>	<b>2007</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
c-Si cell production (GW)	3.2	5.9	12.9	26.3	37.4	47.7
c-Si average selling price (US\$billions)	2.1	3.7	8.1	15.5	21.4	26.4
c-Si average wafer price (US\$/W)	1.95	2.05	1.82	1.63	1.50	1.38
Average silicon price (US\$/kg)	75	80	85	85	85	85
Average silicon selling price (US\$/W)	0.68	0.66	0.64	0.60	0.58	0.56

Source: Industry statistics from Photon Consulting, Solar Annual Report 2008

## **2.4 PV Systems Division**

### **A) Products and Services**

ARISE's PV Systems Division provides complete turnkey PV solutions for solar farms and rooftop installations primarily pursuant to the Ontario Power Authority's ("OPA") standard offer program.

The OPA's Renewable Energy Standard Offer Program (the "RESOP") was established in 2006 and is intended to encourage small scale (less than 10 megawatts) renewable energy electricity generating projects. For solar projects, in particular, the RESOP offers electricity generators a fixed price over a twenty year period of \$0.42 per kilowatt hour generated. On May 13, 2008, the OPA announced that it was reviewing the rules in respect of the RESOP

and effectively suspended reviews of applications for projects under the program that are received after May 13, 2008. As of May 13, 2008 ARISE had not submitted any applications under the RESOP.

In 2007, the PV Systems Division was selected as the vendor for the West Toronto Initiative for Solar Energy (“WISE”). The WISE program contributed to sales of the Company in the third and fourth quarters of 2007. This program leverages the RESOP offered through the OPA.

The PV Systems Division is actively involved in the development of solar farms. The Company has entered into a fixed price agreement to construct a solar farm located in Ayr, Ontario which is owned by a third party, which third party is independently sourcing the solar modules required for the project. While all necessary municipal zoning approvals have been obtained, construction of the Ayr solar farm is contingent upon the owner of the solar farm entering into a RESOP contract.

ARISE is currently in discussion with a limited number of prospective partners who would provide funding for the capital expenditures required for establishing solar farms with up to 100 MW of generating capacity over the next 3-5 years. The Company’s funding and ownership structure for its proposed solar farms has yet to be finalized and may involve ARISE acting solely as a supplier of turnkey generating systems to third party solar farm owners (as is the case with the Ayr Solar Farm development) and/or ARISE participating in the ownership and operation of solar farms.

### **B) Competitive Conditions**

The PV Systems Division operates in a highly competitive market. In terms of geographical competition, the competitors are very fragmented in both location and size, which creates many niche opportunities, which can further be exploited by developing strategic supply and customer relationships. Worldwide market growth is estimated by ARISE management to be 30% - 40% per year for the next 5 – 10 years, with the North American market expected to experience above average growth.

## ***2.5 Research and Development***

ARISE has an extensive research and development program (“R&D”) for both its PV Cell and PV Silicon Divisions, most of which R&D is conducted in concert with universities. ARISE has been participating in a high-efficiency PV cell project at the University of Toronto with Professor Nazir Kherani since 2002. The University of Toronto is considered by many in the industry as the Canadian leader in materials science and has in-depth experience in the materials science area required for this project. In 2008, ARISE acquired the rights to certain technology (including a patent application) arising from a high efficiency solar cell technology research project being conducted by professors at McMaster University. ARISE, McMaster University and the Ontario Centres of Excellence Inc. have entered into a funding agreement with respect to this project.

With respect to its PV Silicon R&D, a substantial portion of this research and development is conducted in-house. In addition, ARISE has cultivated relationships with a number of industry leaders in connection with its silicon feedstock program. EBNER Industrieofenbau GmbH is a leading expert in the production of annealing furnaces with the characteristics that ARISE believes will be required for this project. In connection with the SDTC funding of ARISE's PV Silicon Project ARISE is a party to certain agreements with EBNER relating to ownership of intellectual property arising from such project. The University of Waterloo is also a leading Canadian engineering school and ARISE expects that its close proximity to the University of Waterloo will provide the Company with access to professors, students and resources that will help make this project more successful.

## ***2.6 Intellectual Property***

ARISE relies on a combination of patents, internally developed know-how and trade secrets with respect to its proprietary technology. ARISE's US Patent # 5039376 expired in 2008. This patent which covered methods for depositing materials on substrates by using a D.C. glow discharge was the original basis for the development of ARISE's PV cell technology. Further developments in respect of this technology which are incorporated in the current ARISE PV cell prototypes are protected by trade secrets. In addition, ARISE has applied for a patent in respect of its next generation PV cell product which is based on its original thin film technology. Further patent applications have been filed in connection with the technology under development with McMaster University. In 2008, ARISE also filed 2 patent applications with respect to the technology under development in its PV Silicon Project. Additional intellectual property and know-how is being created at the laboratory and manufacturing levels.

## ***2.7 Employees***

As of December 31, 2008, ARISE had 114 full time employees. In addition, ARISE has 2 part time and/or contract employees. Of ARISE's full time employees, 26 are engaged in research and development activities, 5 are engaged in sales and marketing activities, 59 are engaged in manufacturing and 24 are engaged in general and administration activities.

## **3. Three-year History**

### **2006**

In 2006, ARISE continued to meet its technology milestones for its PV technology research and development program. In addition, ARISE began to devote significant resources to develop a new method of producing silicon feedstock needed for PV cells. ARISE's PV Systems Division continued to be hampered by limited fiscal resources, however the announcement of the Ontario Standard Offer Program improved the outlook for this component of ARISE's business. Important developments that occurred in 2006 included:

- On January 18, 2006, ARISE announced that it had signed a non-binding third letter of intent to supply 15MW of PV cells with Solar Design Associates with similar terms to those letters of intent entered into in 2005;
- On January 23, 2006, ARISE announced that it had signed a Fourth Letter of Intent to Supply 15MW of PV cells with Blitzstrom GmbH with similar terms to those letters of intent entered into in 2005;
- On March 7, 2006, ARISE announced the formation of a new solar grade silicon feedstock division;
- On March 21, 2006, the Province of Ontario announced the Standard Offer Program, under which the government will set a fixed price for small renewable energy projects. Under the plan, the Ontario Power Authority will purchase electricity produced by wind, biomass or small hydroelectric generation at a base price of 11 cents per kilowatt-hour. The fixed price for solar was set at 42 cents per kilowatt-hour;
- On April 19, 2006, ARISE closed a brokered private placement of \$2,000,000 of units and a non-brokered private placement of \$1,835,000 of units, at a price of \$0.30 per unit, each unit consisting of one common share and one-half of a share purchase warrant, each whole warrant being exercisable at a price of \$0.35;
- On June 23, 2006, ARISE announced that it had demonstrated in the laboratory a new approach for refining high purity solar grade silicon;
- On July 5, 2006, ARISE was granted a funding commitment for \$6.5 million from SDTC for its PV Silicon Project;
- On August 1, 2006, ARISE announced that it had secured a \$284,748 cash contribution from the Ontario Centres of Excellence (OCE) Inc.;
- On August 16, 2006, ARISE announced that Bruce West had been appointed Chief Financial Officer and Executive Vice-President of Business Processes;
- On August 25, 2006, ARISE announced that it had signed a letter of intent with the Industrial Investment Council (IIC) of Germany to explore the possibility of establishing a PV cell manufacturing plant in eastern Germany;
- On September 5, 2006, ARISE announced that it had signed a non-binding letter of intent for the purchase of land with the city of Bischofswerda, Germany as the potential location of the ARISE PV cell manufacturing plant;
- On November 6, 2006, ARISE announced that Professor David Johnston had agreed to join the ARISE Board of Directors. Furthermore, ARISE announced that Bruce West, Chief Financial Officer had resigned effective November 30, 2006;

- On November 16, 2006, ARISE announced that it had completed the filing of its application for government funding with the Sächsische AufbauBank GmbH (SAB);
- On November 30, 2006, ARISE announced that it had reached an agreement to distribute MSK Corporation's building integrated PV ("BIPV") system in Ontario with the help of the new solar electricity Ontario Standard Offer Program;
- On November 30, 2006, ARISE announced that it had selected DHV B.V. located in Eindhoven Netherlands as its engineering firm to build its planned 80MW PV cell production plant in Bischofswerda Germany;
- On December 11, 2006, ARISE announced that it reached its 2006 technology milestones for its solar grade silicon and the high efficiency PV cell technology research and development programs;
- On December 12, 2006, ARISE announced that it had hired Gordon Jekubik C.A. as Vice President; and
- On December 13, 2006, ARISE announced that it had entered into a financing engagement letter for an offering, on a best efforts basis, of up to \$3,000,000 of special warrants. Each special warrant, priced at \$0.40 is exercisable, for no additional consideration, into one common share and one half of a share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of \$0.55 per common share.

## **2007**

In 2007, ARISE continued to make progress in all segments of its operations including (i) commencement of construction of its 80MW PV cell plant in Germany; (ii) continued progress in its PV cell R&D program; (iii) achievement of milestones in its PV silicon processing technology, including the receipt of its first SDTC payment; and (iv) new sales initiatives in its systems operations. Important developments in 2007 included:

- On January 2, 2007, ARISE announced that its application for German government funding from the SAB had been approved;
- On January 16, 2007, the Company entered into a non-binding letter of intent with Commerzbank AG with respect to Commerzbank providing a credit facility to finance a portion of the cost of constructing and equipping the proposed PV cell manufacturing plant in Germany;
- On January 18, 2007, the Company completed the issuance of 9,000,000 special warrants ("Special Warrants"). The Special Warrants were issued at a price of \$0.40 each for gross proceeds of \$3.6 million. Each Special Warrant is exercisable, for no additional consideration, into one ARISE common share and one-half a common

- share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one ARISE common share at a price of \$0.55 per ARISE common share, and expires eighteen months from the date of closing of the offering. The expiry date of the common share purchase warrants may be accelerated in the event that the ARISE common shares close at a price in excess of \$1.00 per share for 20 consecutive days of trading, such that the expiry date shall be 30 days following the date of notice that the trading threshold has been met;
- On March 28, 2007, ARISE Germany entered into an equipment supply with OTB Solar B.V. (“OTB”) of the Netherlands to design, deliver and commission manufacturing and handling equipment for the initial production line of ARISE’s 80MW per year PV cell manufacturing facility in Bischofswerda, Germany;
  - On April 11, 2007, the Company announced that David Chornaby had agreed to join the Company as Chief Financial Officer, effective April 25, 2007;
  - On April 24, 2007, the Company completed the issuance of 22,000,000 common shares (the “April Offering”). The Common Shares were issued at a price of \$1.00 each for gross proceeds of \$22.0 million. On May 3, 2007, the underwriters exercised the over-allotment option and the Company issued an additional 3,300,000 common shares for gross proceeds of \$3.3 million;
  - On May 8, 2007, ARISE Germany entered into a silicon wafer supply agreement with Deutsche Solar AG (“DS”) of Germany. Under the terms of the agreement, DS will supply silicon wafers to ARISE Germany’s PV cell production facility in Bischofswerda, Germany over a ten year period. Under the terms of the agreement ARISE made a prepayment of €1.0 million to DS in 2007 to secure the wafer supply;
  - On June 19, 2007, the Company’s systems group was selected as the winning bidder to provide turnkey PV rooftop units through the West Toronto Initiative for Solar Energy (“WISE”);
  - On July 12, 2007, ARISE entered into a binding agreement to purchase a 13 hectare site from the City of Bischofswerda, Germany on which its PV cell manufacturing plant is being constructed. In addition, on July 27, 2007 ARISE Germany entered into an agreement with HOCHTIEF Construction AG to construct the Company’s PV cell manufacturing plant;
  - On August 27, 2007, the Company completed the first major milestone of its PV silicon feedstock program with the commissioning of its Silicon Refining Furnace version 3.1. This refining process uses a proprietary method to produce high purity silicon for PV applications using a simplified chemical vapor disposition (CVD) process;
  - On September 4, 2007, the Company announced that effective September 1, 2007 it had hired Richard Lu as Vice President, Business Development. Prior to joining the

Company, Mr. Lu was Chief Conservation Officer and Vice President of Toronto Hydro Corporation;

- On September 11, 2007, ARISE Germany completed definitive agreements with Commerzbank AG with respect to credit facilities totaling up to €47.1 million to finance a portion of the cost of construction and equipment with respect to the proposed PV cell manufacturing plant in Germany;
- On September 13, 2007, the Company announced that it had laid the cornerstone for its planned 80MW PV cell production plant in Bischofswerda, Germany;
- On September 24, 2007, the Company announced that it had entered into an agreement to sell, on a “bought deal” basis 21,428,600 common shares at a per share price of \$1.40 for gross proceeds of \$30,000,040. On October 15, 2007, the Company announced the completion of the financing, including the exercise by the underwriters of their over-allotment option increasing gross proceeds to \$34,500,046 and the offered common shares to 24,642,890;
- On October 15, 2007, the Company announced that it had entered into a definitive contribution agreement with SDTC for its silicon feedstock pilot plant project and that it had received the first installment of SDTC funding in the amount of \$587,189.50;
- On October 17, 2007, the Company announced the receipt of €2.0 million from SAB, the first installment of its €12.4 million grant;
- On December 12, 2007, the Company announced the entering into of a silicon wafer supply agreement for raw materials required for the PV cell production plant with Sino-America Silicon Products Inc;
- On December 19, 2007, the Company announced the receipt of €2.3 million from SAB, the second installment of its €12.4 million grant; and
- On December 21, 2007, the Company’s common shares commenced trading on the Toronto Stock Exchange as the Company completed its “graduation” from the TSX Venture Exchange.

## **2008**

In 2008, ARISE completed numerous milestones in its three divisions, including (i) completion of its PV cell plant in Germany and commercial production from Line 1 of the plant; (ii) fulfillment of a number of milestones for its PV Silicon Project including the commencement of construction of its pilot plan with an annual capacity of up to 50 tonnes

and the potential to expand to 400 tonnes in 2010; and (iii) execution of its first solar farm development agreement. Important developments included:

- On January 7, 2008, the Company announced that its silicon feedstock mini pilot plant at its current Waterloo facility had commenced operations;
- On January 10, 2008, the Company announced that it had entered into a PV cell supply contract with Solon AG for the supply of up to 212MW of PV cells over a 5 year period with the first year's pricing and supply requirements fixed;
- On January 14, 2008, the Company announced that it had hired Bert Pendergast as Vice President and General Manager for the ARISE Systems Division;
- On February 5, 2008, the Company announced that it was the industry partner for a \$15 million project to develop high-efficiency solar technologies, in conjunction with the University of Toronto and that the project has received a \$5 million funding commitment from the Ontario Research Fund Research Excellence program;
- On February 11, 2008, the Company announced that it had agreed with McMaster University to be the industry partner for a \$4.1 million high-efficiency solar technology research project which has received a \$2.0 million funding commitment from the Ontario Centres of Excellence Inc;
- On February 25, 2008, the Company announced the appointment of Bart Tichelman as President and CEO and that the previous president and CEO, Ian MacLellan, would become the Chief Technology Officer and Vice-Chairman of the Company;
- On March 25, 2008 the Company announced that it had secured silicon wafer supply agreements for 80% of its expected 2008 PV cell production requirements; had entered into a \$14 million inventory purchase credit facility with Commerzbank AG; and was in the process of formalizing supply arrangements for its second PV cell production line;
- On April 10, 2008, the Company announced that:
  - (a) it had increased by 56 percent its 2012 production target for PV cells at its Germany plant to 560MW to increase the planned production lines from 8 to 12 lines;
  - (b) ARISE Germany signed a supply contract with OTB Solar B.V. ("OTB") of Eindhoven, the Netherlands under which OTB will design, deliver and commission manufacturing and handling equipment for Line 2 of the German plant;
  - (c) it plans to establish in Canada, in 2011, a high-purity silicon plant that will ramp up to an output rate of 10,000 tonnes per year; and

- (d) it plans to expand the capacity of its planned silicon pilot plant operations in Waterloo, Ontario initially to a target rate of 50 tonnes per year in 2009 and then to a target rate of 400 tonnes per year in 2010;
- On April 17, 2008, the Company announced that its PV cell manufacturing plant in Bischofswerda, Germany had commenced initial production of PV cells;
  - On April 30, 2008, ARISE announced that it had entered into a five year contract to supply PV cells to aleo solar AG of Germany (“aleo”). The agreement which runs to 2012 provides for ARISE to sell to aleo 90 megawatts of PV cells at prices set out in the agreement;
  - On May 5, 2008, the Company announced that it had entered into an agreement to sell, on a “bought deal” basis, 20,500,000 common shares at a per share price of \$2.20 for gross proceeds of \$45.1 million. Founder and Chief Technology Officer Ian MacLellan sold 500,000 shares as part of the offering. On May 21, 2008, the Company announced the completion of the “bought deal” offering;
  - On May 21, 2008, the Company announced that it had met the third major milestone for it’s Silicon Feedstock Pilot Plant Project in Waterloo, Ontario, completing the initial engineering work required to build the new Pilot Plant;
  - On June 11, 2008, the Company announced that Arise Germany had signed a six year agreement for the supply of 203.5MW of silicon wafers from a wholly owned subsidiary of Renesola, a leading manufacturer of silicon wafers based in China.;
  - On June 12, 2008, the Company announced that it had entered in a three year agreement with Sino-American Silicon Products Inc.(SAS) whereby it would supply 120 tonnes of 7+ silicon over a three year period. The pilot plant in Waterloo, Ontario upon its completion is to manufacture of the 7+ silicon. A second three year agreement with SAS was also announced whereby SAS would process the Company’s 7N+ polysilicon into solar wafers for the Company’s PV cell production;.
  - On July 22, 2008, the Company announced that its German PV cell manufacturing plant had started full production, manufacturing 24 hours per day, 7 days per week;.
  - On September 23, 2008, the Company announced that it had appointed Garry J. West, FCA, to it’s Board of Directors. Prior to joining the Company, Mr. West was People Leader of the Technology Communication and Entertainment Practice in the Toronto office of Messrs. Ernst and Young LLP;
  - On October 7, 2008, the Company announced that it had signed a 10 year lease (with options for two additional 5 year terms) for a 68,000 square foot facility in Kitchener, Ontario in which its PV Silicon pilot plant will be located;

- On October 13, 2008, the Company announced that it had appointed Peter Currie to its Board of Directors. Prior to joining the Company, Mr. Currie had taken a lead role at Nortel Networks in resolving the accounting and reporting issues confronting Nortel;
- On November 18, 2008, the Company announced that it had confirmed the volume of shipments and the pricing arrangements with Solon AG pursuant to the agreement signed with Solon AG in January 2008 for the supply of PV cells;
- On November 19, 2008, the Company announced that it had appointed Ian MacLellan as President of its PV Systems Division. Mr. MacLellan relinquished his position as Chief Technology Officer, retaining his role as Vice Chairman and Director;
- On December 3, 2008, The Company announced that ARISE Germany had signed a four year contract to supply approximately 80MW of PV cells to Asola Advanced and Automotive Solar Systems GmbH on a take-or pay basis. The value of the contract was approximately C\$200million;
- On December 8, 2008, the Company announced that it had met the fourth major milestone for it's Silicon Feedstock Pilot Plant Project in Kitchener, Ontario; and
- On December 18, 2008, the Company announced that it had agreed with Commerzbank AG to extend the maturity of a €9million inventory credit facility by six months to June 15th, 2009. The credit facility is used by the Company for the purchase of silicon wafers for use in its German PV cell manufacturing plant.

### **Recent Developments**

On January 28, 2009, the Company announced that Vern Heinrichs, the Company's Chairman, had been appointed as Interim Chief Executive Officer and President following the resignation of Bart Tichelman as Chief Executive Officer, President and Director of the Company.

## **4. Risk Factors**

### **Risks and Uncertainties**

The Company operates in a highly competitive technological market and faces a number of risks and uncertainties associated with its operations:

**Product Development Risk:** Substantial corporate resources are currently being expended on the development of the ARISE PV cell technology and PV silicon technology. These technologies remain in development and have not yet been commercialized. There can be no guarantee that the PV technology will achieve the solar cell efficiency which ARISE believes is necessary for it to be a successful product in the market. In addition, there are risks associated with commercializing any product including the risk that full scale production may not be achieved at an acceptable cost level. In addition, the PV silicon technology is in

early stages of development and there can be no guarantee that technical milestones including commercial scalability of the PV Silicon production method can be achieved. Failure to successfully commercialize the ARISE PV cell technology or PV silicon technology may materially and adversely affect the Company's financial condition and results of operations.

**Limited Protection of Patents and Proprietary Rights:** The Company relies on a combination of patents, trademarks, trade secrets and know-how to protect its proprietary technology and rights and the Company's failure to protect its intellectual property rights may result in the loss of valuable technologies and undermine its competitive position. There can be no assurance that the patents which have been applied for will be issued or even if issued will be issued with the claims necessary to provide adequate protection for ARISE's technology. There can be no assurance that the Company's patents when and if issued will not be infringed upon, that the Company would have adequate remedies for any such infringement or adequate funds to take action against those infringing its patents, or that its trade secrets will not otherwise become known or independently developed by its competitors. There can also be no assurance that any patents now or hereafter issued to, licensed by or applied for by the Company will be upheld, if challenged, or that the protections afforded thereby will not be circumvented by others.

**Expansion Risk:** Bringing the ARISE PV cells to market may require ARISE to invest in new production equipment, systems and, sometimes, manufacturing plants often on tight time schedules and often without guaranteed revenue volumes. In addition, completion of the Company's plans to develop a full scale PV silicon production plan would require substantial investment in production equipment systems and facilities which investment might be made without guaranteed revenue volumes. Bringing investments into production quickly may expose ARISE to integration risks depending on the size of the investment, the schedule, the technology involved, and the nature of the products to be produced.

**Manufacturing Risk:** ARISE has recently established PV cell manufacturing operations in Germany. Successful development of these operations will require maintenance of production equipment, hiring and retaining of managerial personnel and skilled labour, and maintaining of desirable levels of production. ARISE's future success also depends on its ability to successfully achieve expected manufacturing capacity in a cost-effective and efficient manner. If the Company cannot do so, it may be unable to achieve and sustain profitability. ARISE's ability to achieve expected production capacity is subject to significant risks and uncertainties, including the following:

- delays and cost overruns as a result of a number of factors, many of which may be beyond the Company's control, such as its ability to secure successful contracts with equipment vendors;
- failure to effectively break in new equipment and reach targeted PV cell efficiencies;
- delays or denial of required approvals by relevant government authorities;
- diversion of significant management attention and other resources; and
- failure to execute its expansion plans effectively.

**New Product Market Acceptance Risk:** Market risk exists for new products such as the ARISE PV cell technology and PV silicon technology. There is no assurance that new products will be accepted by the market, that desired volumes will be realized over the product life or that the product life will not be shorter than expected due to product obsolescence. New products that are launched by ARISE's competitors may also have price or other advantages over ARISE's products. In addition, new product offerings will also require more significant marketing and sales efforts to gain market acceptance.

**Competition:** Many of ARISE's current and potential competitors have substantially greater financial, marketing, technical and other resources than ARISE. There can be no assurance that ARISE will be able to compete successfully with its existing competitors or will be able to compete successfully with new competitors. The Company's failure to adapt to changing market conditions and to compete successfully with existing or new competitors may materially and adversely affect its financial condition and results of operations.

**Availability of PV Silicon and Manufacturing Inputs:** Inability to secure enough raw materials and other inputs to meet sales demands could negatively impact sales and earnings. The supply of PV silicon, wafers and certain specialized manufacturing tools and fixtures can involve the risk of shortages, especially in periods of strong market demand. Since there are few suppliers, demand can change quickly and there may be limited quantities of these inputs available. Once commercialization of the ARISE PV cell technology is achieved, the lack of a consistent supply of PV silicon could have a material adverse impact on ARISE's business, financial condition and results of operations.

**Government Subsidies for Solar Products:** The solar market is somewhat dependent on government subsidies and government programs which can create market volatility including rapid changes in demand and pricing. These government subsidies and programs are at risk of change depending on various factors including the particular political situation of the country providing the subsidy. The reduction or elimination of government subsidies and economic incentives for solar energy applications could adversely affect the Company's business, financial condition and results of operations.

**Foreign Exchange Risk:** ARISE is selling and will continue to sell its PV cells and expects to sell its PV silicon in foreign markets which will create exposure to changes in exchange rates, primarily the US dollar and the Euro. Expenses of the Company's foreign operations will also be subject to foreign exchange risk. Changes in the exchange rates faced by the Company may have a material adverse impact on its future financial performance.

**Dependence on Key Personnel:** The success of ARISE is dependent upon the attraction and retention of highly skilled personnel in a number of key areas including in management positions. The unexpected loss or departure of any of ARISE's key officers or employees could have a material adverse effect on the future operations of the Company. The success of the Company's business will depend, in part, upon the Company's ability to attract and retain qualified personnel as they are needed. There can be no assurance that the Company will be able to engage the services of such personnel or retain its current personnel.

**Financial Position:** While ARISE raised additional capital in 2007 and 2008, significant additional funds will be required to complete the commercialization of the ARISE PV cell technology, the ARISE PV silicon technology, to build further PV cell manufacturing capacity and to build PV silicon manufacturing capacity. There can be no assurance that the Company will be able to raise additional capital on reasonable terms or at all.

**Dependence on Government Funding:** ARISE's short term business plan includes various government funding agreements, including funds from SDTC and the Province of Ontario's Ontario Centres of Excellence. In addition, the budget for its manufacturing plant in Germany includes government funding from the SAB. Government funding arrangements generally require milestones and other objectives to be achieved prior to funding payments being made. Failure to meet certain conditions relating to such government funding may have a material adverse impact on the Company's business, financial conditions and results of operations.

**Profitability:** ARISE has incurred losses since its inception and may be unable to generate sufficient net sales in the future to achieve or sustain profitability. The Company incurred a net loss of \$42.3 million in the fiscal year ended December 31, 2008 and \$11.6 million in the 2007 fiscal year, and had an accumulated deficit of \$65.5 million at December 31, 2008. ARISE may continue to incur losses in the future. In addition, ARISE expects its operating expenses to increase as it expands its operations. The Company's ability to reach and then sustain profitability depends on a number of factors, including the growth rate of the solar energy industry, the continued market acceptance of solar modules, the competitiveness of its products and services and its ability to increase production volumes. If ARISE is unable to generate sufficient net sales to become profitable and have a positive cash flow, the Company may be unable to satisfy its commitments and may have to discontinue operations.

**Demand for Solar Modules:** If the demand for solar modules weakens significantly, the Company may be unable to achieve or sustain profitability. The solar energy market is at a relatively early stage of development and the extent to which solar modules will be utilized is somewhat uncertain. If demand for solar modules weakens sufficiently, ARISE may be unable to grow its business or generate sufficient net sales to achieve or sustain profitability. Many factors may affect the demand for solar modules, including the following:

- cost-effectiveness of solar modules compared to conventional and other non-solar renewable energy sources and products;
- performance and reliability of solar modules and thin film technology compared to conventional and other non-solar renewable energy sources and products;
- availability and substance of government subsidies and incentives to support the development of the solar energy industry;
- success of other renewable energy generation technologies, such as hydroelectric, wind, geothermal, solar thermal, concentrated photovoltaic and biomass;
- fluctuations in economic and market conditions that affect the viability of conventional and non-solar renewable energy sources, such as increases or decreases in the prices of oil and other fossil fuels;
- fluctuations in capital expenditures by end-users of solar modules, which tend to decrease when the economy slows and interest rates increase; and

- deregulation of the electric power industry and the broader energy industry.

Other risks are detailed from time to time in ARISE's filings with Canadian provincial securities regulators. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and ARISE does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

## **5. Dividends**

ARISE does not currently nor has it ever paid dividends on its common shares. ARISE does not currently contemplate the payment of dividends and expects to retain future earnings for reinvestment in its business. The payment of dividends will, however, be reviewed by the Board of Directors from time to time in light of the Company's earnings and financial requirements, covenant restrictions, if any, and other prevailing conditions. There are currently no restrictions which prevent the Company from paying dividends.

## **6. Capital Structure**

### **Capital Stock**

The Company's authorized capital stock consists of an unlimited number of common shares. The common shares are not redeemable or convertible. They convey the right to vote at shareholders' meetings and to participate in the wind up of the company and the distribution of its assets. Common shareholders will receive dividends if, as and when the Company declares them. As at December 31, 2008, the Company had 126,776,096 common shares outstanding.

### **Share Purchase Warrants**

As at December 31, 2008, warrants to purchase 533,500 common shares were outstanding. More information regarding the Company's warrants and options can be found in the Company's fiscal 2008 annual financial consolidated statements, under Note 12 of the "Notes to the Consolidated Financial Statements".

### **Stock Option Plan**

The Company has designed a stock option plan to provide eligible officers, directors, employees, and advisors the right to acquire shares of the company. As at December 31, 2008, there were 11,672,215 options outstanding, of which 8,628,047 were vested and exercisable. More information regarding the Company's stock option plan can be found in the Company's fiscal 2008 annual financial statements, under Note 12 of the "Notes to the Consolidated Financial Statements".

### **Fully Diluted Capital**

As of March 6, 2009, 126,776,096 ARISE common shares were issued and outstanding. On a fully diluted basis, as of March 6, 2009 assuming exercise of all issued and outstanding share purchase warrants, stock options and brokers warrants, the Company would have 138,481,811 common shares outstanding.

## 7. Market for Securities

### 7.1 Trading Price and Volume

ARISE's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol APV.

\$ Canadian

Month Ending (2008)	High	Low	Close	Total Monthly Volume
January	\$2.48	\$1.74	\$2.43	30,878,500
February	\$1.90	\$1.56	\$1.84	19,023,200
March	\$2.13	\$1.20	\$1.57	31,617,400
April	\$2.62	\$1.80	\$1.87	37,942,500
May	\$2.40	\$1.88	\$2.40	26,689,800
June	\$1.96	\$1.56	\$1.95	22,166,900
July	\$1.56	\$1.05	\$1.47	21,732,500
August	\$1.47	\$1.21	\$1.47	6,760,900
September	\$1.33	\$0.87	\$1.33	10,297,300
October	\$0.91	\$0.54	\$0.91	14,314,600
November	\$0.82	\$0.32	\$0.65	27,009,300
December	\$0.60	\$0.43	\$0.43	9,472,200

ARISE common shares are also traded on the Frankfurt Stock Exchange Open Market ("FSEOM"), Deutsche Boerse, under the symbol A3T. ARISE took no action to list its common shares on the FSEOM and was informed of such listing by letter from the Deutsche Boerse dated March 24, 2006.

## 8. Directors and Officers

### 8.1 Name, Occupation and Security Holding of Directors and Senior Officers of ARISE as of March 24, 2009

Directors	Address	Position held within ARISE	Principal occupation past 5 years	Appointment date	Committee	No./percentage of voting securities owned or controlled
Vern Heinrichs	London, England	Chairman of Board, Interim Chief Executive Officer and President	Real estate and technology entrepreneur	October 10, 2001	-	393,333 (0.3%)
Harold Alexander	Maple, Ontario	Director	Construction and manufacturing entrepreneur	May 29, 1998	Audit	301,362 (0.24%)
Ian MacLellan	Waterloo, Ontario	President, PV Systems Division, Director	CTO, ARISE (February, 2008 - November, 2008); CEO of ARISE (February 2008 - 2002)	October 6, 1993	-	5,419,438 (4.27%)
Hal Merwald	Lynden, Washington, U.S.A.	Director	Former National Director, Young Life	May 29, 1998	Governance Audit	500,262 (0.39%)
David Johnston	St. Clements, Ontario	Director	President of University of	November 13, 2006	Governance	7,751 (0.006%)

Directors	Address	Position held within ARISE	Principal occupation past 5 years	Appointment date	Committee	No./percentage of voting securities owned or controlled
			Waterloo			
Peter Harder	Ottawa, Ontario	Director	Senior Policy Advisor Fraser Milner Casgrain LLP (January 2007 – present); Deputy Minister, Government of Canada (1991 – December 2006)	May 3, 2007	Governance	20,000 (0.016%)
Garry West	Toronto, Ontario	Director	Chartered Accountant, Former Managing Partner, Ernst & Young LLP	September 21, 2008	Audit Governance	0 (0%)
Peter Currie	Ottawa, Ontario	Director	Director of Affinion Group Inc., Atomic Energy of Canada Limited, Canadian Tire Corporation and Intelius Inc. Member of Board of Governors, Executive Committee and Chair, Finance and Audit Committee, of York University.	October 7, 2008	Compensation Audit	0 (0%)

Executive Officers	Address	Position held within ARISE	Principal occupation past 5 years	No./percentage of securities owned or controlled
Vern Heinrichs	London, England	Interim Chief Executive Officer and President	Real estate and technology entrepreneur	See above
Ian MacLellan	Waterloo, Ontario	President, PV Systems Division	See above	See above
David Chornaby	Waterloo, Ontario	Chief Financial Officer	VP Finance & Operations, SBS Technologies (Canada) Inc. and predecessor corporations (June 2003 – April 2007)	85,000 (0.067%)
Sjouke Zijlstra	Gelsenkirchen, Germany	VP & GM of ARISE Germany	General Manager, Shell Solar	29,000 (0.02%)
Jeff Dawkins	Kitchener, Ontario	VP & GM Silicon Division	Divisional GM, Intel Corporation (1998 – January 2007)	40,000 (0.03%)
Chris Waters	Waterloo, Ontario	VP, Strategic Business Development	Director, Business Development. & Channel Mgmt. – RIM (2002 – November 2004)	2,439,183 (1.9%)
Marilyn Wolfe	Waterloo, Ontario	VP, Human Resources	VP Human Resources, Global Operations – ATS Automation Tooling Systems (1992 – June 2007)	30,000 (0.02%)
Richard Lu	Scarborough, Ontario	VP, Business Development	Chief Conservation Officer and VP Toronto Hydro (January 2002 – September 2007)	0 (0%)

## ***8.2 Senior Management Team***

The ARISE management team consists of the following individuals:

**Vern Heinrichs, Interim Chief Executive Officer and President**, is a businessman and a professional Engineer. Upon graduating from the University of Toronto with a B.Sc. and MBA, he worked for Shell Oil's economics department for five years. He then joined a leading mortgage consulting and brokerage firm, and after five years left to join one of his clients, the Toronto based developer Orlando Realty Corporation as Executive Vice President. Since 1973 he has worked internationally. In Denver, Colorado he, together with partners, undertook the development of several residential and business parks including the Denver Tech Center. Mr. Heinrichs moved to London, England in 1991 and has been on corporate boards of eight technology based companies in Canada, USA, England, Holland and Switzerland. These companies include Specialty Technical Publishers, Intelix, Ingenuity Works, and Intertrans Logistics Solutions.

**Ian MacLellan, President, PV Systems Division** has 31 years experience in sales, engineering, venture capital, acquisitions, running two public companies and is a leading Canadian solar energy expert. He graduated from Ryerson Polytechnical University as an Electrical Engineering Technologist. He then spent ten years with Motorola, Hewlett Packard and Oracle in various technical, sales and management positions. In 1989 he founded Creation Venture Capital Corporation which made several successful investments, mostly in electronic manufacturers and then sold his interest in late 1995. In 1996, he consulted for Solar Design Associates, a world leader in solar energy and for a related company, Advanced Energy Systems where he became the Chairman of the Board. In 1997, he started ARISE.

**David Chornaby, Chief Financial Officer** is a Certified Management Accountant who brings 25 years of diverse financial and managerial experience to ARISE. He has worked in both technology and manufacturing environments, predominantly with Hewlett-Packard (Canada) Ltd., where he served in a number of progressively senior positions, including Division Controller, Manufacturing Manager and Division General Manager. Most recently, he was VP Finance & Operations for SBS Technologies (Canada), Inc., a division of General Electric, having served in a variety of other senior roles with predecessor companies over the past ten years.

**Jeff Dawkins, Vice President and General Manager, PV Silicon Division** has spent 28 years in the electronics industry, working predominantly for Intel and HP. He has 21 years of progressive management experience, including four years as a division general manager. He is responsible for all aspects of the PV Silicon Technology Division, including the announced Silicon Feedstock Project.

**Chris Waters, Vice President, Strategic Business Development** has 13 years experience in business development, operational and sales roles. He held increasingly senior positions during his seven years at Research In Motion ("RIM") where he helped acquire the carrier partners to launch the iconic BlackBerry brand. Prior to RIM, he worked at a boutique consultancy for 2 years where he helped clients with their funding and business development initiatives. He has also held various positions at CN Rail, IBM and Nortel. Chris graduated

from Wilfrid Laurier University with an Honours degree in Economics and went on to do his MBA at McMaster University.

**Sjouke Zijlstra, Vice President and General Manager of ARISE Germany** has spent 35 years in the electronics and photovoltaic (PV) industries, working for a variety of international organizations in Europe. Prior to joining ARISE he held for 10 years progressive management positions at Shell Solar operations in Germany and The Netherlands. Sjouke is responsible for managing ARISE's new 80MW cell production plant in Bischofswerda, Germany.

**Richard Lu, Vice President, Business Development**, has extensive experience in the energy market and was previously the Chief Conservation Officer and Vice President of Toronto Hydro Corporation. Richard holds an MBA from the University of Toronto, a Doctorate of Medicine (MD) from Tongji University in China as well as several other degrees.

**Marilyn Wolfe, Vice President, Human Resources**, brings with her more than 25 years of senior HR experience in the manufacturing technology sector. Prior to joining ARISE in 2008 she was the Vice President of HR, Global Operations at ATS Automation Tooling Systems Inc., a global manufacturing automation company serving the needs of multinational customers. Marilyn is responsible for the delivery of the full spectrum of HR services including employee relations, EAP services, benefits, compensation, recruitment, occupational health and safety, as well as all practices and policies. Marilyn has served on the Boards of Conestoga College, United Way and Skills Canada and has a Certified Human Resources Professional (CHRP) designation.

### ***8.3 Board of Directors***

As at March 24, 2009, ARISE has a Board of Directors comprised of eight directors. Members of the Company's Board of Directors are as follows:

**Vern Heinrichs**, Interim Chief Executive Officer and President, is also the Chair of the board of directors of ARISE. His experience is outlined under "Senior Management Team".

**Harold Alexander** is a businessman and Chartered Accountant. After leaving public accounting he was chief management executive for The Muttart group of companies, a conglomerate in manufacturing, distribution, construction and finance. Since 1965 he has pursued entrepreneurial interests in distribution, construction, marketing and finance as a principal in Konvey Construction Company Ltd., Robintide Investments Ltd., Arquin Systems Ltd., and various real estate projects.

**David Johnston** is an academic professional who began his career as Assistant Professor in the Faculty of Law at Queen's University (1966), moving on to a series of progressive positions at other Canadian universities prior to becoming the fifth President of the University of Waterloo in June 1999. He is the author or co-author of a number of books, including *Cyberlaw* (1997), *Securities Regulations* (1999), and *Communications Law* in

Canada (2000), among many other publications. David has served on many provincial and federal task forces and committees and is on the boards of a number of companies and foundations. Among other accomplishments, he was the founding chair of the National Round Table on Environment and the Economy (1988-1991).

**Hal Merwald** was the Chairman of the Board of Pachena Industries Ltd. (1994-1995) when CVHI/ARISE was the controlling shareholder (1993-1995). He was the national Executive Director of Young Life Canada and has been involved with various executive leadership positions with that organization since 1963. Hal has served as the CEO of Young Life in Brazil, United States and Canada. His experience internationally, leadership development skills and mentorship skills have made an important contribution to the leadership of the ARISE Board. Hal has a B.A. from Wheaton College and M.Div. from Wheaton Graduate School.

**Peter Harder** is Senior Policy Advisor to Fraser Milner Casgrain LLP and also serves as President of the Canada-China Business Council. He is a director of Great-West LifeCo Inc., Telesat Canada, Pinetree Capital Ltd. and Kria Resources Inc.. He serves on the Board of the University of Ottawa and is a mentor to the Trudeau Foundation.

**Garry West**, is a Chartered Accountant and was Managing Partner for Southwestern Ontario (2001-2006) for Ernst & Young LLP, responsible for the accounting firm's practice in Kitchener and London. From 1986 to 2000, Mr. West was a Managing Partner for Ernst & Young's Toronto North Office, following which he was appointed People Leader in the firm's Toronto Technology Communication and Entertainment Practice. He received his B.A. from the University of Toronto, became a Chartered Accountant in 1974 and a FCA in 2006. In addition, Mr. West has served as Interim Chief Financial Officer for ATS Automation Tooling Systems Inc. (October 2007-February 2008) and is a Director and Chair of the Audit Committee for a TSX Venture listed company, BSM Technologies Inc.

**Peter Currie**, is a businessman and currently is a director of Affinion Group Inc., Atomic Energy of Canada Limited, Canadian Tire Corporation, and Intelius Inc., and is a Member, Board of Governors, Executive Committee, and Chair, Finance & Audit Committee, at York University, for which he also is a Director of York University Development Corporation. Mr. Currie's 35-year career in finance and accounting has included more than 15 years as a Chief Financial Officer, including at North American Life Assurance Company (1992-1994), Nortel Networks Corporation (1994-1997), Royal Bank of Canada, where he was Vice-Chairman and CFO (1997-2004), and Nortel Networks (2005-2007), where he was brought back to take a lead role in resolving the accounting and reporting issues confronting the corporation.

**Ian MacLellan**, President, PV Systems Division of ARISE, is also a director of the Company. His experience is outlined under "Management Team."

## **8.4 Audit Committee**

The Audit Committee, which as of March 6, 2009 consists of Messrs. Alexander, Merwald, West and Currie, oversees the quality and integrity of the Company's interim and annual consolidated financial statements; involves management and outside auditors in assessing the Company's financial reporting procedures and its internal control systems; reviews the scope of examinations by independent auditors; and meets with management and independently with the auditors to review audit findings and recommendations. Each member of the Audit Committee is independent and financially literate as those terms are defined in National Instrument 52-110 – Audit Committees.

### **Audit Committee Charter**

The text of the Audit Committee Charter is attached as Exhibit 1 to this Annual Information Form.

### **Audit Committee Members**

A description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is set out in Section 8.3 –Board of Directors.

### **Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees**

In the following table, "Audit Fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax Fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Corporation to its auditor in each of the last two financial years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2008	\$140,200	\$79,500	\$100,150	-
December 31, 2007	\$84,000	\$210,926	\$15,200	-

## **9. Interest of Experts**

The Company's independent auditors, Deloitte & Touche LLP, have delivered an audit report to the Company concerning the consolidated balance sheets of the Company as at December 31, 2008 and 2007, and the consolidated statements of earnings, retained earnings, and cash

flows for the years then ended. Deloitte & Touche LLP is an independent auditor within the meaning of its rules of professional conduct.

## **10. Transfer Agents and Registrars**

The transfer agent and registrar for the Company's common shares is Equity Transfer & Trust Company at its principal offices in the City of Toronto, Ontario.

## **11. Material Contracts**

### ***A) ARISE – Sächsische AufbauBank GmbH Grant Agreement***

On December 21, 2006, ARISE received confirmation of a grant agreement with the Sächsische AufbauBank, outlining a total grant of approximately €24.55 million towards the construction of a photovoltaic cell manufacturing plant in Bischofswerda. The grant is in the form of a non repayable project subsidy of approximately €12.4 million and federal tax incentives/credits amounting to €12.15 million. The non repayable project subsidy and tax incentives/credits are subject to conditions, including, ARISE providing funding of €12.66 million.

### ***B) Underwriting Agreement***

On May 7, 2008, the Company entered into an underwriting agreement with Canaccord Capital Corporation, Clarus Securities Inc., Fraser Mackenzie Limited, Raymond James Ltd., Haywood Securities Inc. and Versant Partners Inc. with respect to the sale of up to 23,650,000 Common Shares at a price of \$2.20 per share.

### ***C) Commerzbank Construction and Equipment Loan Agreements***

On September 11, 2007, Arise Germany entered into a series of loan agreements with Commerzbank AG with respect to credit facilities totaling up to €47.1 million to finance a portion of the cost of construction and equipment with respect to the PV cell manufacturing plant in Germany. The credit facilities include a €15.0 million subsidy bridge loan, a €9.5 million value added tax bridge loan, a €12.55 million long term loan for construction and equipment and a €10.0 million working capital line. The availability of the total amount of the credit facilities is subject to certain conditions precedent.

### ***D) Commerzbank Inventory Loan Agreement***

On March 17, 2008, ARISE Germany entered into a loan agreement with Commerzbank AG with respect to credit facilities totaling up to €9.0 million to finance the purchase of silicon wafers. The maturity date of this credit facility is June 15, 2009. As of March 24, 2009 approximately €7.6 million had been drawn under the credit facility.

### ***E) Research Collaboration Agreement***

Signed May 15, 2002 between Materials & Manufacturing Ontario (MMO), ARISE and the governing council of the U of T & Stefan Zukotynski. MMO provides funding for a research and development initiative in collaboration with the U of T. ARISE agrees to license the technology to MMO for the purpose of commercialization. MMO provides a sub-license to ARISE as long as all contract provisions are met.

## **12. Additional Information**

Additional information relating to ARISE Technologies Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information is provided in ARISE's financial statements and MD&A for its most recently completed financial year.

## **EXHIBIT 1 - AUDIT COMMITTEE CHARTER**

### **Charter of the Audit Committee of the Board of Directors**

#### **I. Audit Committee Purpose**

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

1. Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.
2. Monitor the independence and performance of the Company's independent auditors.
3. Provide an avenue of communication among the independent auditors, management, and the Board of Directors.
4. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

#### **II. Audit Committee Composition and Meetings**

The Audit Committee shall meet the requirements of the Business Corporations Act and the Toronto Stock Exchange. The Audit Committee shall be comprised of three or more directors as determined by the Board, the majority of whom shall be independent non-executive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.

Audit Committee members and the Chair shall be appointed by the Board annually at the meeting of the Board of Directors immediately following the annual general meeting. The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee should meet privately in executive session at least annually with management, the independent auditors, and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed. In addition, the Committee shall review and approve for release the quarterly financial results and related documents prior to the filing of distribution.

### **III. Audit Committee Responsibilities and Duties**

#### Review Procedures

1. Review and reassess the adequacy of this Charter at least annually and submit the charter to the Board of Directors for approval.
2. Review the Company's annual audited financial statements and MD&A prior to filing or distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments.
3. In consultation with the management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.
4. Review with financial management the company's quarterly financial statements and MD&A prior to the release of earnings and/or the company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors.
5. Resolve any disagreements between Management and the independent auditors regarding financial reporting matters.
6. Review all earnings press releases and any non-earnings release that might include information extracted or derived from the Company's financial statements as well as any public disclosure of financial information extracted or derived from the Company's financial statements.

#### Independent Auditors

1. The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant. The Audit Committee is directly responsible for overseeing the work of the external auditor, including the resolution of disclosure of financial information extracted from the Company's financial statements.
2. Approve the compensation of the independent auditors; and pre-approve all non-audit services, excluding tax compliance engagements to be performed by the independent auditors' firm, in accordance with the Company's Pre-Approval Policy.
3. On an annual basis, the Committee should review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence.
4. Review the independent auditors audit plan annually.

5. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors.
6. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
7. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
8. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of present and former external auditors of the Company.

#### Other Audit Committee Responsibilities

1. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.
2. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.
3. Review financial and accounting personnel succession planning within the Company.
4. Annually review policies and procedures as well as audit results associated with directors' and officers expense accounts and perquisites. Annually review a summary of director and officers' related party transactions and potential conflicts of interest.
5. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
6. Establish procedures for the confidential, anonymous submission by employees of the Company regarding questionable accounting or auditing matters.