



ASX Code: SWW



SWW Energy Limited

20 July 2011

Suzanna Dabski
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

**SWW Energy Limited (SWW or the "Company")
Company Background & Update to Market**

Dear Suzanna,

Set out below is a Company update which encompasses the background to the Company, the suspension in trading of the Company's securities and appointment of administrator, the future of the Company and the details of the recent capital raising.

Company Background

The culmination of its operations saw SWW characterised as the world's first renewable energy utility, with the Company offering customers a "behind the meter" solution which would allow them to generate electricity during peak utilization periods at 15-25% below prevailing peak rates (per kilowatt hour). The processes employed by SWW in the generation of electricity included the use of an amplified solar cracking (thermal) system to deliver renewable electricity. In addition, the processes employed by SWW were used to produce steam, compressed air, and recapture non-potable water.

The following undertakings were identified as being intrinsic to the aforementioned processes:

1. SWW entered into an agreement with a US renewable energy group, White Mountain, in November 2008, whereby White Mountain granted SWW a licence over its renewable energy technology platform and invested \$500,000 (10.6% stake) into the Company.
2. As a part of White Mountain's investment in the Company, renewable fuel plants were constructed in Nevada and Arizona. One of the fuel plants in Nevada was fully operational at the time administrators were appointed, while the second plant in Nevada and a third plant in Arizona were still under construction.
3. As part of the agreement with White Mountain the Company retained the TDP™ Thermodepolymerisation Technology, which converts waste oils and beneficiates the product into a renewable fuel and biofuel for use in the agricultural and transportation industries.

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Administration Overview

Subsequent to the appointment of Mr. Geoffrey Reidy of Rodgers Reidy as administrator of the Company, replacing the previously appointed Mr. Philip Pinn, Hemisphere Investment Partners Pty Ltd ("Hemisphere") put forward a proposal to the administrator to reconstruct and recapitalise the Company with a view to ensuring that the Company could continue to operate as a going concern and seek reinstatement to trading on ASX (the "Proposal").

On 3 September 2010, the Proposal was put to creditors and approved.

Principal Features of the Proposal

The principal features of the Proposal were as follows:

- a) Consolidation of Capital: Consolidation of the existing issued capital of the Company on a 1 for 3 basis.
- b) Reduction of Capital: The capital of the Company would be reduced by applying a portion of the accumulated losses of the Company against the share capital which is considered permanently lost.
- c) Issue of Securities to the Proponent 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 the Proponent or its nominees.
- d) Prospectus Issue: The issue of up to 220,000,000 Shares at a price of 1 cent each under the Prospectus to raise not less than \$2,200,000.
- e) Issue of Shares to the Proponent or its Nominees: The issue of 15,000,000 Shares by way of a priority offer to the Proponent or its nominees as a priority offer under the Prospectus in consideration for the payment of a \$75,000 deposit pursuant to the Deposit Convertible Note Agreement.
- f) Issue of Shares to the Proponent or its Nominees: The issue of 20,000,000 Shares by way of a priority offer to the Proponent or its nominees as a priority offer under the Prospectus as a bonus for the successful completion of the Recapitalisation Proposal facilitated by the Proponent.
- g) New Constitution: The adoption of a new Constitution.
- h) Company Name: The change of name of the Company to "SWW Energy Limited".



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- i) Board Changes: The resignation of such members of the existing board of directors of the Company as the Proponent requests and the appointment to the Board of Mr Benjamin Bussell, Mr Gino D'Anna and Mr Darren Olsen.
- j) Payment by Company to Deed Administrator: Upon the close of the Offers, the Company shall make available \$780,000 (less the amount of the deposit paid) to be applied by the Deed Administrator to the Creditors Trust, in consideration for the forgiveness of all of the Creditors' claims against the Company.

Upon completion of the Proposal the Company's issued capital was restructured, net working capital was provided, the DOCA terminated and a new direction for the Company determined. In accordance with the terms of the DOCA and the Recapitalisation Deed, all existing debts against the Company were released, extinguished and barred, with claims from Admitted Creditors' only able to be met from the Trust Assets.

Following the recapitalisation of the Company, the Company was in a position to make an application for reinstatement to trading of its Shares on the ASX, subject to compliance with ASX and The Corporations Act regulatory requirements.

TDP™ Thermodepolymerisation Technology

Thermaldepolymerisation (TDP) is a depolymerisation 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.

Proposed Business Plan

Further Development of Renewable Fuel Business

The continuing business operations of the Company are based on the technology and license agreement executed with White Mountain. In addition to the TDP™ Thermodepolymerisation Technology, this includes the Shallow Water Reactor Process, the Frac Water Technology, and the Solar Cracking Technology. The TDP™ Thermodepolymerisation Technology will underpin the continued operations of the Company as SWW undertakes a restructured business plan designed to mitigate the need for extensive capital investments whilst maintaining the same business operations.

The new board of SWW intends to further evaluate and develop the renewable fuel business via the use of the TDP™ Thermodepolymerisation Technology. On 1 December 2010, White Mountain and the Company signed an agreement allowing SWW the right to access the excess capacity at a renewable fuel plant located in



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Nevada (North Las Vegas) operated by experts engaged by White Mountain for the production of biofuel using feedstock supplied by SWW.

The White Mountain plant in Nevada currently has total capacity of 240,000 litres per month, a portion of which can be secured by SWW in the production of the biofuel and biodiesel from feed stocks supplied by SWW. For the use of the technology in the plant a toll processing arrangement allows SWW to pay White Mountain a toll processing fee and licensing fee for every litre of Biodiesel produced equal to US\$0.86 and US\$0.054 respectively.

Access to the renewable fuel plant will allow SWW to reduce the need to raise large sums of capital that would have otherwise been required for the construction, operation and ongoing maintenance of their own plants. The treatment of waste oil products using the White Mountain allows the Company to adopt what is considered as being a more efficient business model than that previously employed by SWW. The associated expertise provided by White Mountain personnel in the beneficiation and manufacturing process and access to the existing White Mountain customer base acts only to further reinforce the efficiencies of this business model.

Evaluation and Pursuit of New Project Acquisitions and Investments

The Company will also evaluate other projects across a range of sectors in pursuit of acquisition and/or investment opportunities. Those sectors include:

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

Expenditure Budget and Application of Funds

The Company proposes to adopt the budget set out in the pre-quotation disclosure released with this update. in relation to the funding of the Company's activities, providing working capital for the acquisition, development of other investments (as identified by the Company) and meeting the administration costs and recapitalisation expenses of the Company, including payments for the benefit of the creditors pursuant to the DOCA.



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It is possible that any future acquisitions contemplated by the Company may exceed the current or projected working capital of the Company. It is expected that these acquisitions would be funded by project finance and/or further equity issues, as required (subject to Shareholder approvals).

Other Opportunities

In addition to the above, the new management team will actively seek out complementary and non-complementary assets, investments and businesses that may have the potential to generate additional shareholder value.

Compliance with ASX Listing Rules

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Regards,

Matthew Foy
Director
SWW Energy Limited