2011

Oceanlinx Limited

Company Overview for Potential Investors

This document is commonly known as a “teaser” – a short summary of the investment opportunity in Oceanlinx Limited, an acknowledged world leader in wave energy technology.

The Company

Oceanlinx is a company that has developed an innovative and cost effective technology to convert the energy in ocean waves into electricity. The company's patented technology has been internationally acclaimed, and represents a major step forward in bringing commercially viable renewable energy to the international electricity market.

Oceanlinx has developed variants of its technology that are applicable to both near and offshore ocean waters, allowing it to capture a much broader market scope than its competitors.

The company was originally founded as Energetech Australia in 1997 by Dr Tom Denniss. Oceanlinx has since perfected its technology via a series of demonstration units in the real ocean environment. In February 2010, the company deployed its final pre-commercial unit at Port Kembla, NSW. This unit was grid connected and delivered high quality power into the Integral Energy grid. Oceanlinx is the only Australian company to have achieved this milestone.

The company is now embarking on the final stage of commercializing its products, and is seeking to raise a last round of capital, prior to a liquidity event (LE). This liquidity event is expected to occur before the end of 2013.

Key Investment Highlights

- **Proven technology** – the company has operated grid connected projects in the real ocean, including having sold commercial quality electricity to local retailer Integral Energy, via a Power Purchase Agreement (PPA).
- **Patented technology** – a number of patents are held covering the core technology.
- **Certified design** – a design that has been validated and certified by industry leader DNV (Det Norske Veritas).
- **Licensing opportunities** – the possibility exists for licensing the Oceanlinx technology in jurisdictions where the company does not have the resources to undertake projects.
- **Superior product** – the Oceanlinx product has a higher per unit output, a lower unit cost of energy, and is applicable to a broader range of ocean sites than its competitors' products. In addition, the technology is modular, has no moving parts below the waterline, and has the versatility of being able to provide both electricity and desalinated water.
- **Blue sky opportunities** – desalination, shoreline erosion defence, hydrogen production, hybrid projects combined with off-shore wind, hybrid applications on offshore oil and gas platforms, and a separate market for the Oceanlinx turbine, are all opportunities that can provide additional value for investors.

- **Significant IRR and benefits**– in good wave climates, the Oceanlinx technology can already produce electricity at a lower cost than wind turbines off-shore. Financial modelling indicates project IRRs will often be in excess of 30% (and even higher for a large multiple array project, due to economies of scale). In addition, when projects are developed in Australia, a significant part of the revenues may be tax free, due to the benefits of accumulated tax losses in the order of $80 million.
- **Strong management team** – the Oceanlinx team and Board have a wealth of financial, technology, and engineering experience. For example, CEO Ali Baghaei, amongst other things, has a vast experience in the construction of naval ships and nuclear and conventional power stations.

Awards and Accolades

Oceanlinx has received much international acclaim and won numerous awards. These include:

- 1997: London, UK – The Energetech (as Oceanlinx was called until 2007) technology is featured in New Scientist magazine - the world's premier popular science publication – identifying it as an innovative new breakthrough for the nascent wave energy industry.
- 1999: Oxford, UK - The European Union's Independent Adviser on Wave Energy states the Energetech technology will be the first to make wave energy commercially viable.
- 2005: San Francisco, USA – In a study of global wave energy companies, the US-based Electric Power Research Institute (EPRI) concludes the Energetech technology is capable of producing power at a lower cost than any of its competitors.
- 2006: St Louis, USA – The International Academy of Science names the Energetech technology as one of the Ten Most Outstanding Technologies in the World (this award spanned technologies of all forms, not just energy technologies).
- 2009: Shenzhen, China – The United Nations Industrial Development Organization (UNIDO) ranks Oceanlinx third in its annual list of the Top Ten Renewable Energy Investment Opportunities in the World.
- 2010: Sydney, Australia – The Annual EcoGen Conference names Oceanlinx's latest wave energy device the Most Outstanding Clean Energy Technology Innovation of 2010.

Projects and the Path to Commercialization

The final stage of commercialization of the Oceanlinx technology will be achieved through the implementation and operation of one or more wave energy projects. Such a project will provide regular and reliable electricity into a national grid, and receive revenues in return for this power.

Oceanlinx has several possible projects which are suitable for this final commercialization stage. It is likely that the city of Rosarito, on the Baja California peninsula in Mexico, will be one of the

first sites for a commercial Oceanlinx project. Oceanlinx has been in detailed discussions with the world's largest electricity utility, Comision Federal Electricidad (CFE), which has officially requested a proposal for a Front End Engineering and Design (FEED) contract from Oceanlinx for a 500 kW wave energy device at Rosarito. The design and construction of this project will be fully funded by CFE. Finalization of the contract is expected early in 2011, with completion of the project due some time in 2012.

Oceanlinx is also in the early stages of developing a similar project in Hawaii, on the island of Maui. Initial permits for the project have been granted by the US Federal Energy Regulatory Commission (FERC), and tentative agreements have been reached with Maui Electric Company (MECO) in regard to partnering with Oceanlinx in the project.

Other projects in the pipeline include Portugal, where the first offshore version of the Oceanlinx technology is in the early stages of development, and South Australia, where one of the best wave energy climates in the world exist. A focus on this region will result in highly profitable projects. Discussions with strategic partners in South Australia are progressing well.

The completion and operation of at least one of these projects will signify the completion of the commercialization phase for the Oceanlinx technology. At this point the commercial viability of the technology will be beyond doubt, the cost of electricity production will be clearly demonstrated, and the future revenue stream to the company will be much more clearly defined. This milestone will allow Oceanlinx to realize a lucrative liquidity event, via an IPO or a trade sale.

Company Outlook

The outlook for Oceanlinx and its technology is very bright. The global wave energy resource has been estimated at between two and five times the current total world usage of energy. As the most cost effective provider of wave energy technology, Oceanlinx is well positioned to capture a significant chunk of this market – a market that a UK Government report estimated would result in around $1 trillion of capital expenditure by 2020.

Based on an International Energy Agency (IEA) study of 108 different energy technologies over the past century, and given the cost of energy production from Oceanlinx's technology at the current point in time, it appears ocean waves are destined to eventually be the lowest cost source of renewable energy – Oceanlinx's internal cost curve modelling of its own technology suggests this important cost-based milestone will occur within the next few years.

Recent political focus on the need for reducing greenhouse gases has led to a huge upswing in governments providing financial support programs for renewable energy throughout the world. The fact that the Oceanlinx technology sources 80% of a project's materials and labour locally means governments will be even more amenable to support the deployment of this technology

in their jurisdictions. The creation of jobs and new industries, to complement their climate change initiatives, will be a powerful incentive for governments to ensure the uptake of the Oceanlinx technology.

This combination of an innovative, cost effective, and demonstrated renewable energy technology, the ability to be deployed in projects with attractive IRRs, coupled with the rapidly growing global demand for renewable energy, positions Oceanlinx very well for serious future growth of the company, its projects, and its share price.

Capital Raising Details

Oceanlinx aims to raise AUD $10 million via the issuance of preference shares, to bring the company to the stage of full commercialization. A generous allocation of options will accompany any share purchase.

Monies raised will be used to fund the development of one or more commercially operating wave energy projects on the international stage. The final de-risking of the technology, provided by the completion and operation of these projects, will facilitate a liquidity event - most likely an IPO. At this point, Oceanlinx management believes a valuation multiple of three to ten times the current share price is likely.

Contact details

If interested in this investment opportunity, please contact Oceanlinx for a full Information Memorandum.

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