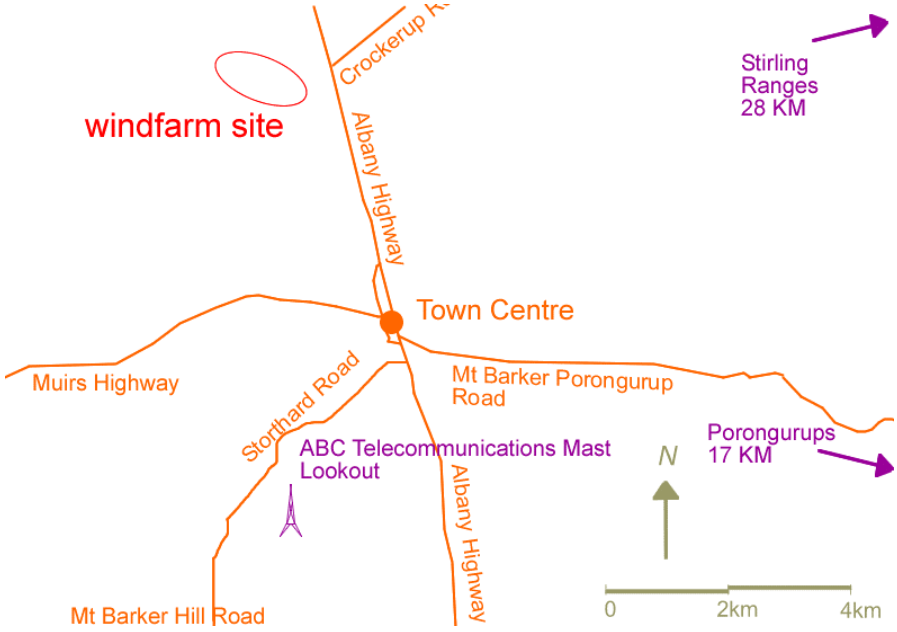
Mt Barker Community Windfarm

Proposed is a windfarm on a hill on a private sheep farm 4 km north of Mt Barker on the western side of Albany Highway. The windfarm will consist of three wind turbines slightly bigger than those in Esperance and two thirds the physical size of those in Albany. As Mt Barker is inland, they will be on 75m high towers.

The project will be about $5 million in total and with the recently announced RREPG funding, offer investors a regular return of over 10-15%pa on equity for the 20 year life of the project.



Where?
3.3 kilometres north of Mt Barker on a hill just west of Albany Highway on a private sheep farm. This is the closest hill to the Mt Barker sub station, 3 km away. It is also on the opposite side of Albany Highway to views of both the Stirling and Porongurup Ranges.

How?
A recent change in legislation now allows funding of 50% of the capital to grid connected projects 2MW in size. 2MW is also roughly the size of a wind farm required to supply Mt Barker.

Is there enough wind?
SkyFarming has been monitoring the wind on an existing mast for over a year now. We conclude that with the E48 turbine (state of the art), 75m high towers and the RREP, the project will be commercially viable.

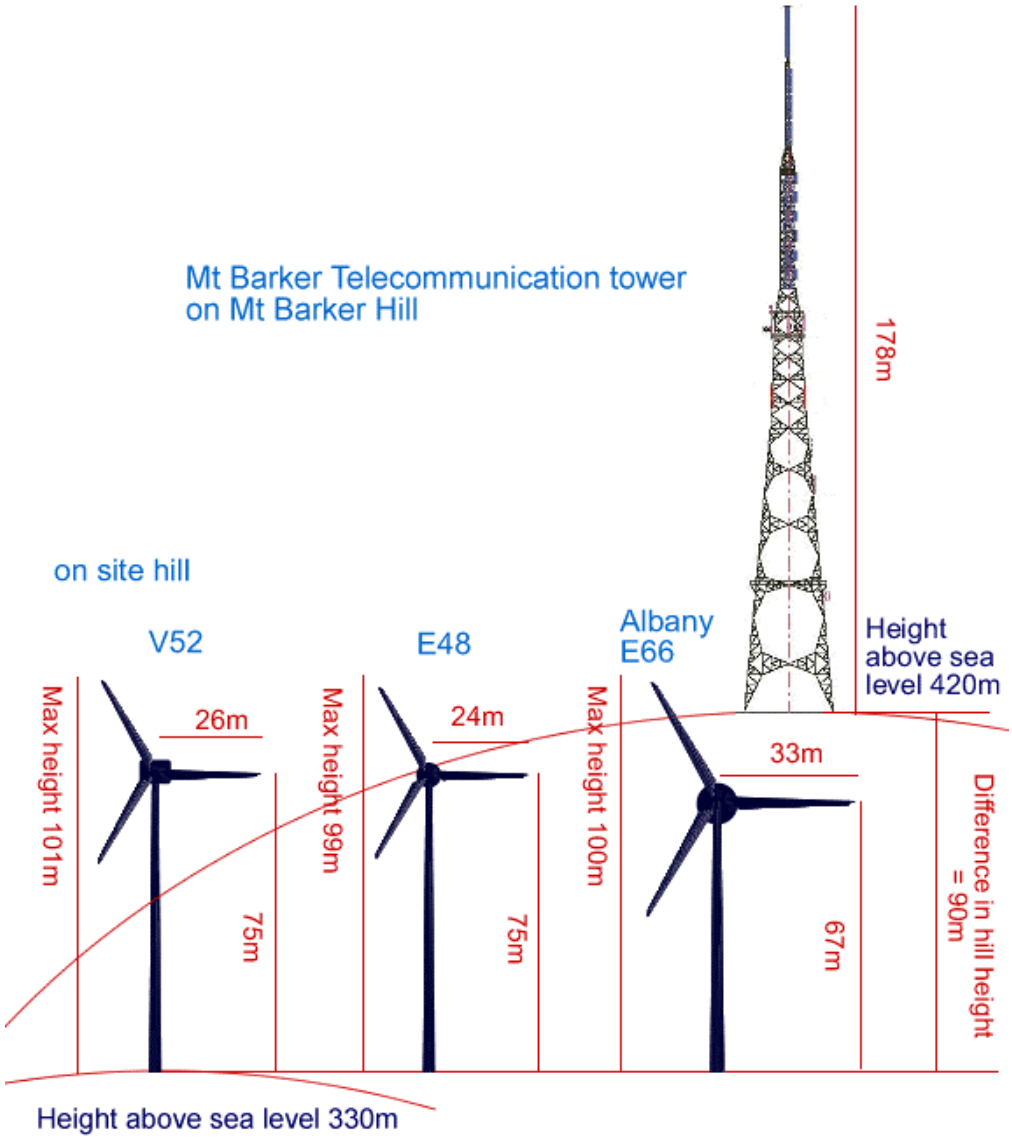
How much electricity will be generated?
About 7500 MWh (1 MWh = 1000 kWh) a year which should offset around 7500 tonnes of $C0_2$ a year which would otherwise be pumped into the atmosphere from the burning of coal (and a little natural gas) to generate the electricity.

Who would control it?
As with all generators on the grid, the windfarm would be controlled by Western Power Networks at their East Perth Control centre. Under the new Wholesale Electricity Market Rules, all energy produced by the windfarm can be exported to the grid.

Who would maintain it?
An Enercon service group already exists in Albany for the Albany windfarm and a service contract based on production would be arranged.

When?
Given the time taken to get connection and access to the grid, to obtain a power purchase agreement, to get the Amendment to the Town Planning Scheme accepted and the current world wide shortage of turbines, the end of 2008.

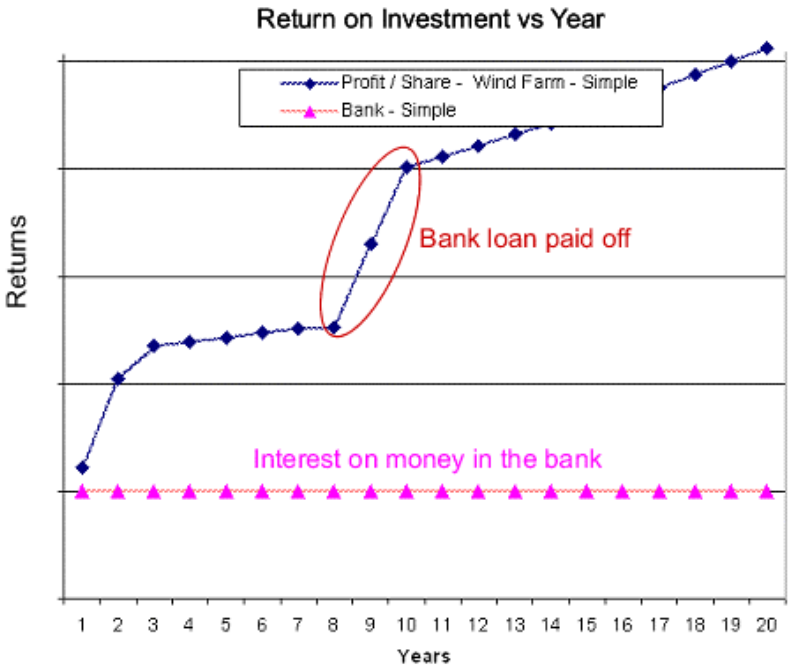
What will it look like?
Comparisons of the likely turbines (either the V52 (Vestas) or E48 (Enercon) with the Albany E66 wind turbines and the ABC telecommunications mast are shown on the right.



What does the investment look like?
The returns are higher than for a term deposit in a bank. And they need to be, as there is more risk (no government guarantee) and no principal at the end of the life of the project (20 years). However, unlike interest in a bank, the returns are fully franked and have a tax credit of 30%.

Also, unlike a bank account, the returns cannot be reinvested or compounded but will be paid out regularly, like dividends from shares. The windfarm will be owned by a company established to run the windfarm investment.

The graph below assumes a constant interest rate and a constant price for the electricity.



Risks
The risks are mostly at the development stage (around 5% of the project capital cost);

- Connection and Access offer - only 3 windfarms on the grid so far
- Securing an adequate Power Purchase Agreement
- Development Approval by Council
- Securing bank loan
- Securing RREP grant
- Securing remaining funding
- Securing the turbines
- Wind resource proven

Once all the approvals and agreements have been obtained, insurance can alleviate much of the remaining risk.

Who?
The project is being proposed by **SkyFarming Pty Ltd**, a Perth based company that has also been involved in the Denmark Community Windfarm. For more details, see www.skyfarming.com.au or contact us on 08 9450 7371.