

Annual General Meeting

Very Small Particle Company Limited ACN 087 481 927

Tuesday, October 18th, 2011

Chairman's Address

Good afternoon ladies and gentlemen as shareholders and invited guests- and welcome to the AGM of Very Small Particle Company Limited. My name is Jeremy Davis and I am the Chairman of VSPC.

Before we start, can I ask you to ensure that your mobile phones are turned off or switched to silent.

It is now the appointed time (1.00 pm) for the meeting. I note that there is a quorum (of at least 5 shareholders) present and so I declare the meeting open. Are there any apologies? The Notice of Meeting was distributed to all shareholders. With your consent, I will take that document as read.

Before making some general comments about the company's activities and turning to the ordinary business of the meeting, I would like to introduce the other members of the board. My fellow directors are Warren Davis, Ian Edney, Neil Griffin and Ross Skerman. As the newest member of the Board, I would like to take this opportunity to express my appreciation to my colleagues not only for their work throughout what has been an eventful year but also for their assistance to me personally as I stepped into the role of Chairman just 2 months ago.

Year in Review

As you know, there has been a significant change in the senior management of the company. David MacInnes resigned from his position as CEO at the end of September. The Board promoted Dr Shelley Brown-Malker, who joined VSPC in the Business Development role last year, to be the Chief Technical and Operations Manager. I will say a few words about Shelley's background when I introduce her to present her report in a little while. But I want first to place on record our appreciation of David's contribution to the company's development during his term as CEO.

As we all know, start-up companies in new areas of technology face significant challenges early on: gaining finance, progressing and refining the underlying science and bringing all this together in a commercially disciplined approach to the market. While VSPC has made progress on all those fronts, David has left two indelible marks on the company. The first has been the development of a technology transfer package which enables us to demonstrate to interested and qualified third parties that the core process knowhow has moved from lab bench and small batch pilot plant to a scalable plant . This shift marks the evolution of the company from a pure R&D organisation to one focused on the market. This change has demanded that the company implement systematic approaches to such issues as traceability and change control, which are hallmarks of the transition “from lab to factory”. Second, David led the recruitment of several new scientists, not least Dr Brown-Malker , whose abilities complement and extend the work of the founding scientists. Your board has great confidence in its core team going forward.

The past year has also been one marked by important developments. Shareholders are aware of the company’s success in attracting grants from both the Queensland Government and the Commonwealth Government through its now-closed Green Car Fund. When combined with the infusion of funds from shareholders in early 2010, and then again late last year, this allowed VSPC to commission the technology transfer package work which has just recently been completed and is in the process of handover to us. Equipped with that evidence of the stage of development of the production process, and armed with additional market research focused on the potential market for batteries for electric cars, your board retained KPMG to assist us to commercialise our technology.

Current events

The KPMG team is headed by Mr Phil Walker, a senior partner in the firm’s Brisbane office. Since shareholders have received the initial “flyer” that has been sent to a range of potential partners around the world, I will not repeat any of its content – except to draw your attention to the open-ended nature of the type of Expression of Interest now being sought. We are open to proposals that might range from a simple license at one end, through a joint venture structure, to a change of control by purchase of intellectual property or indeed the company itself at the other end.

The other key aspect to which I draw your attention is that the closing date for receiving such Expression of Interest is now just over one month from today. That does mean that we are in a quite sensitive time during which it is imperative that we respect the confidentiality of third parties and the nature of their potential interest. Hence, although I will open the floor to questions as the meeting progresses, I know you will understand that we must ensure an even-handed treatment of all parties and so be on the cautious side in answering questions which could inadvertently affect that process.

Finally, I should refer to the current offer to shareholders to subscribe for new shares. As your board, we do clearly recognise the heightened levels of uncertainty that are impacting markets across the world. In this environment, many investors have been, and are, tempted to move to the sidelines and hold cash. Your company, however, must raise funds to allow us to find the right commercial partner for the future. Feedback from shareholders has helped the board understand that a higher level of incentive is needed to persuade shareholders to commit additional funds in these uncertain times. In the light of this feedback, the board has withdrawn its earlier offer and replaced it with a revised offer, which includes attached options. Because we know that some potential partners may require extended testing of VSPC materials during this process, we thought it essential and prudent to provide for a second infusion of funds in March next year – should that prove the best way forward. We urge you to give careful consideration to this offer as our commercialisation process comes to its crux.

Let me now introduce Dr Shelley Brown-Malker. Shelley has a background in chemical engineering, applied electrochemistry and bioelectrochemical engineering. She spent 4.5 years in Sweden researching lithium-ion batteries as part of the Swedish Green Car project. And, as part of her Ph.D. research, she spent a year in Japan at the Japanese Aerospace Exploration Agency working in the energy storage area. I could go on at length, but I think you can see the immediate relevance of her prior research and experience to her current role at VSPC.

Presentation by Dr S. Brown-Malker

Ladies and gentlemen, I now propose to turn to the formal business of the meeting. As set out in the Notice, we have two items – the Financial Statements and Election of Directors.

On the first item, I note that neither the Corporations Act nor the VSPC Constitution requires a vote on a resolution. We will however, of course, allow members the opportunity to comment on and raise any questions about these Statements. In opening the floor to questions, I should note first the able work of our CFO, Ms Wendy Smith, in their preparation, and second the presence of our auditor, Mr Wade Hansen, a partner with Ernst & Young here in Brisbane. And it would be remiss of me not to thank Ernst & Young for enabling this meeting to be held here this afternoon.

We will now proceed with the formal business of the meeting. I should note that, since the last item concerns my own election, I will ask Ian Edney, as the former chairman, to take the chair for that item.
