

"Ere many generations pass, our machinery will be driven by power obtainable at any point in the universe...it is a mere question of time when men will succeed in attaching their machinery to the very wheelwork of nature."

- Nikola Tesla



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GLOBAL MARKETING STRATEGY

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ZPOWER STRATEGY DOCUMENTS

- Corporate Profile**
- Overview**
- Global Marketing Strategy**
- Invention Program**
- Technology**
- Energy Revolution**
- Energy Industry**
- Zero Point Energy**

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1.0 EXECUTIVE SUMMARY

ZPower Corporation was founded to become the global leader in providing viable fuel-less and pollution-free energy alternatives that can deliver electrical, mechanical and thermal power. ZPower Corporation is developing several technologies which collect and convert energy from a previously unknown source, sometimes referred to amongst contemporary explanations as the Zero Point Energy field.

To avoid confusion, we will refer to these machines as Z-Power or Z-Powered converters, or the Technology (with a capital T).

The introduction of these technologies will forever transform the essence of our society, bringing about massive change on a scale equivalent to the industrial revolution.

The advent of a technology, which economically produces energy with no fuel or pollution, will create another historic leap in economic development. The global implications are vast, encompassing economic, political, social, humanitarian, scientific and even philosophical issues.

It is our intention to become a major source of energy generation technology in the late 1990s and into the twenty-first century.

Recognizing the size of the challenge, ZPower will co-ordinate the development and commercialization by sub-licensing the Technology throughout the world to approximately twelve (12) Territory Companies, to be established as semi-autonomous organizations, tailored to local market, cultural and governmental conditions, whilst sharing technology, systems and ideas with other Territory Companies within the group.

History is instructive. Technologies introduced at critical junctures almost always generate a great leap in economic development. In the 19th century in the United States, it was construction of the transcontinental railway. In the 20th century, three developments -- electric power, the automobile, and the interstate system -- gave birth to new industries and accelerated job production.

JOHN NAISBITT,
GLOBAL PARADOX

2.0 GLOBAL STRUCTURE

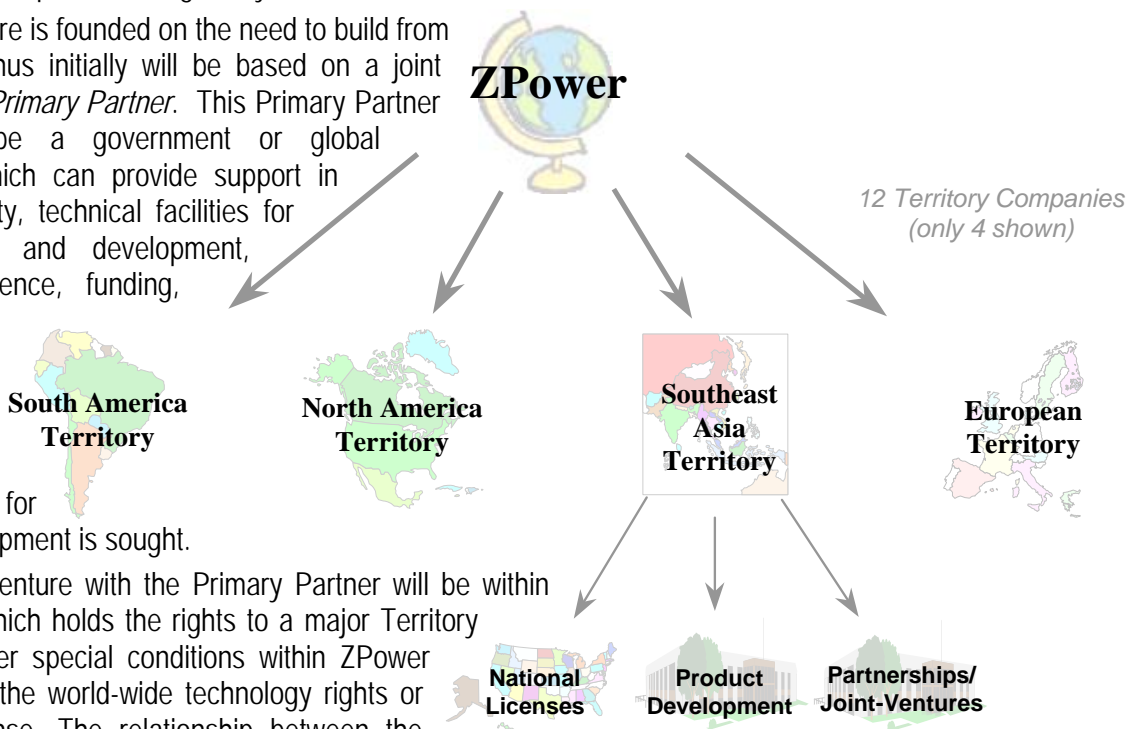
2.1 INTRODUCTION

The commercial opportunities of this new form of energy are best developed by individuals who have the necessary regional knowledge, involvement and expertise so the intention is to implement a global licensing program which allows development of the Technology within all regions and nations of the world and is inclusive of industries with vested interests in the energy industry. This plan offers the opportunity to launch a range of products very rapidly to multiple markets globally.

The structure is founded on the need to build from strength, and thus initially will be based on a joint venture with a *Primary Partner*. This Primary Partner is likely to be a government or global organization which can provide support in terms of security, technical facilities for rapid research and development, credibility, influence, funding, infra-structure and other assistance. In the case of a government, special status for business development is sought.

The joint venture with the Primary Partner will be within the company which holds the rights to a major Territory License or under special conditions within ZPower which will hold the world-wide technology rights or world-wide license. The relationship between the Primary Partner and ZPower is to be the subject of negotiations.

Subsequent to the formation of this joint venture, licensing of approximately twelve (12) *Territory Companies* encompassing the world will commence. A key group of "*Foundation Members*" in each territory will be invited to subscribe to an initial share release. They will be selected according to their added value in terms of credibility, finance, humanitarian and environmental values and governmental access. These members can be individuals, groups, foundations, institutions or companies who will in effect be regional stewards for the global implementation of this revolutionary technology. Their principal role will be to form the initial Board of Directors in each Territory Company, together with ZPower Directors, and to decide upon the direction of the company within the countries of their territories.



The above strategy will rapidly establish deep and solid foundations on which can be built a robust worldwide organization.

2.1 IMPLEMENTATION STRATEGY

A summary of the subsequent implementation strategy of the suggested marketing program is as follows:

Stage 1 - The Primary Partner

ZPower forms a joint venture with the Primary Partner in one of the Territory Companies. Significant time has been invested in developing relationships with key Asian countries at ministerial levels and in industry. Substantial programs and benefits are available for the right technology from an appropriate Primary Partner, which could include the following:

- ◆ Development funding in excess of \$1 billion, with grants for up to fifty percent (50%) of R&D costs
- ◆ Hi-tech machine shop, personnel and engineering services
- ◆ Access to universities and leading academics in the field
- ◆ Tax free status of up to ten (10) years
- ◆ World-wide patent and intellectual property protection assistance
- ◆ Marketing and political contacts throughout Asia

Stage 2 - Rapid Expansion by Establishing Territory Companies World-wide

ZPower forms a Territory Company in each territory to which ZPower then licenses the Technology to the Territory Company concerned.

Appropriate international merchant banks, or similar bodies [the brokers], are appointed to organize the structuring of the Territory Companies, in conjunction with ZPower. This will include the introduction of appropriate parties for selection as Foundation Members and the tiered release of up to sixty percent (60%) of the total equity held by ZPower within the Territory Companies. It is intended that ZPower will retain a minimum of forty percent (40%) of the total shareholding of each Territory Company.

A possible scenario for the structuring and expansion of the global Territory Companies would be as follows:

Stage 3 - Foundation Members Subscribe to Territory Companies

The Foundation Members are invited to participate within each Territory Company. These members subscribe for up to twenty percent (20%) of the shareholding held by ZPower and participate on the Board of Directors of each Territory Company, together with Directors appointed by ZPower.

The subscription funds within each Territory Company would be used as follows:

- ◆ Payment of a license fee for the Technology to ZPower. This fee is intended to increase as the territories are established, giving earlier territories a commercial advantage.
- ◆ Provision of funds to establish a primary office for each Territory Company, together with initial cash-flow funding as agreed.
- ◆ The share issues would be handled by the Brokers and would be tailored to suit local laws and requirements.

Stage 4 - Territory Vision and Business Plan established

The Board of Directors of each Territory Company is formed, which then establishes the Territory Company's vision, a preliminary business plan, company charter and executive structure. Key executives would be identified and/or recruited. In this manner, the ultimate management structure is implemented from the top downward, thus hastening the normally lengthy process of implementing a proper management team.

Stage 5 - Tiered Share Releases

Once ZPower is confident that the vision and direction of each Territory Company is in alignment with its own, further tiered share issues would be made of the shares held by ZPower in each of the Territory Companies. Premiums will apply to each tier of shares issued so that investors will have an incentive for early investment.

The proposed guidelines for the second share issues include the following:

- ◆ A further twenty percent (20%) of the stock of each Territory Company held by ZPower would be issued.
- ◆ The funds raised would be used for the cash requirements of each Territory Company and would be designed to ensure that the Territory Company would have the funds necessary to conduct business without compromise. Some of these funds may be used for payment of the license fee for the Technology to ZPower if this has not been fully paid.
- ◆ The amount raised would be dependent upon the requirements and size of the territory.
- ◆ The share issues may be tiered to coincide with developments of the Technology.

Stage 6 - Implementation of Territory Company Plans

Once the funds from the further issue of shares are received, the key executives of the Territory Companies would commence the fuller implementation of the company plans.

The extent of the plans would of course be far reaching and would include joint ventures, establishment of the Territory Company's R&D / engineering facilities, governmental interface and involvement and the gaining of major contracts.

Stage 7 - Self Determination to the Territory Companies

Once ZPower is satisfied that each Territory Company has fulfilled further pre-agreed criteria in terms of performance, vision and direction, another twenty percent (20%) of the remaining stock would be issued. The intent of this third share issue is to give self determination to each Territory Company, thus providing a structure whereby major commercial players and see that there is a predetermined route for company control, to be shared by the incoming parties.

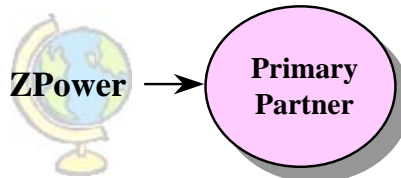
Stage 8 - Public Floats

The time required to develop the Technology for specific applications will vary. However, once key applications are operational it is anticipated that the next stage could be public floats. This could well include public floating of the joint ventures. Although initial public offerings could be made earlier, ZPower sees it as imperative that the correct parties are in place to direct and manage the Territory Companies prior to any offering being made to the public.

The global marketing structure will allow for the most rapid implementation of the Technology throughout the world. Based on the experience of various successful companies, this structure has proven to be a very "high leverage" route which can involve thousands of entrepreneurs and corporations around the world in the profitable deployment of the Technology, thereby creating a high-growth phenomenon similar to the personal computer or Internet industries. The enormous web of joint ventures and licensing arrangements will allow for a flow of significant fees to ZPower and the Territory Companies which no other strategy could equal.

Strategy for Worldwide Marketing

Stage 1 Primary Partner Joint Venture.
Formation of First Territory Company.



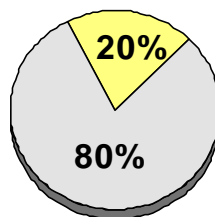
Major Territory Company

Stage 2 Appoint Merchant Banker(s) for global introduction.
Formation of Territory Companies.



12 Territory Companies

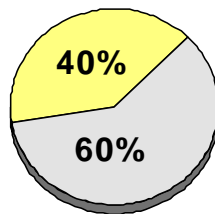
Stage 3 ZPower and Foundation Members form board of each Territory Company.
20% Ownership in Territory Company is subscribed to Foundation Members.



□ Zpower
■ Foundation Members

Territory Company

Stage 4 Board develops company vision, plan and charter.
Key executives are identified and recruited.



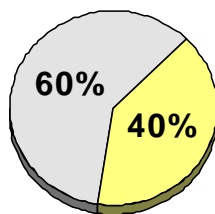
□ Zpower
■ Foundation Members + 2nd Tier Shareholders

Stage 5 Issue of a further 20% equity in each Territory Company.

Stage 6 Territory Companies implement company plans.
R&D / Engineering facilities are established.
Commencement of Joint-Ventures, Partnerships and sub-licensing.
Government interface & involvement.



Stage 7 A further 20% equity in each Territory Company is issued.



□ Zpower
■ Foundation Members + 2nd/3rd Tier Shareholders

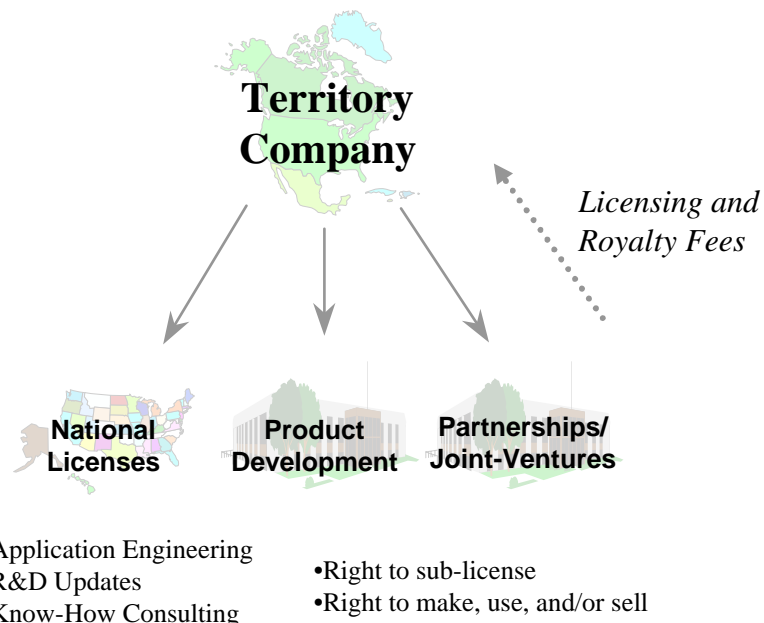
Stage 8 Possible public float of Territory Companies and/or Joint-Ventures.

3.0 TERRITORY COMPANIES

3.1 INTRODUCTION

The development and commercialization of the Technology is a vast task. For this reason, Territory Companies throughout the world will be established as semi-autonomous organizations that will adapt themselves to local market, cultural and governmental conditions whilst sharing technology, systems and ideas with other Territory Companies within the group. ZPower will be responsible for group co-ordination.

Through a properly executed licensing program, no single company or government can monopolize or control the Technology, but in contrast it will allow the rapid integration of the Technology into society by harnessing the entrepreneurial spirit and strengths of hundreds, if not thousands, of companies.



3.2 CROSS-LICENSING

This sharing of the Technology, under strict arrangement, will allow the R&D / engineering facilities of each territory to excel in the development of the Technology for key applications, without unnecessarily duplicating research already being performed by other Licensees. This will maximize the speed of development of the Technology for the multifarious world-wide applications.

Properly structured cross-licensing agreements, coordinated by ZPower, will be most exacting and based upon the experience of current global licensing companies.

3.3 TERRITORY FUNCTIONS

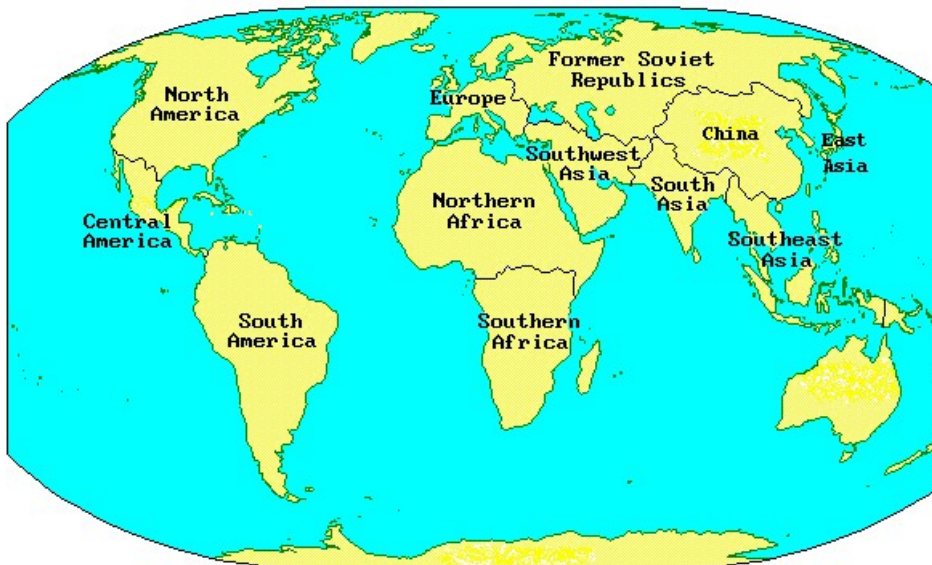
The Territory Company's responsibilities will include the following:

- ◆ Oversight of manufacturers, suppliers, and marketing groups within territory
- ◆ Establishment of sub-territories for specific applications or geographic areas

- ◆ Provision of application engineering and technical support
- ◆ Establishment of National licensees, Partnerships, and Joint Ventures
- ◆ Provision of legal and political protection of technology and patents within their territory

3.4 TERRITORY GEOGRAPHIC DEFINITION

The Territory Company definition will need careful research in terms of countries contained within and the existence of economic treaties. The initial strategy for the geographic delineation of the territories is as follows:



3.5 MARKETING ASSESSMENT

Never before in the history of human evolution has a company had the opportunity to introduce a range of products with such enormous market potential. Most technological innovations require an extensive infrastructure to create demand for the new technology, such as computers or televisions. We are introducing a technology which has a huge existing demand, thereby allowing us to create a revolution in the energy field within a relatively short period of time. People already use energy. Z-Powered products will be cheaper than existing energy sources and will require no fuel or fuel supply infrastructure. They will be modular and controllable by the end user, and avoid the political control and manipulation which currently dominates world energy markets. Thus, Z-Powered products will have very strong market potential.

The growth of the new energy industry may resemble the decentralization of the computer industry from centralized mainframe systems promoted by IBM to personal computers introduced by Apple. The computer industry has

transformed to give computing power to the individual. ZPower intends to do the same for the energy industry, giving personal choice to the individual -- and freedom from the imposed restrictions of old energy sources.

From time to time, the structure of nations and economies goes through a technological wringer. A new invention radically reduces the price of a key factor of production and precipitates an industrial revolution. Before long, every competitive business in the economy must wring out the residue of the old costs and customs from all its products and practices.

The steam engine, for example, drastically reduced the price of physical force. Power once wreaked at great expense from human and animal muscle pulsed cheaply and tirelessly from machines burning coal and oil. Throughout the world, dominance inexorably shifted to businesses and nations that reorganized themselves to exploit the suddenly cheap resource. Eventually every human industry and activity, from agriculture and seatriansport to printing and war, had to centralize and capitalize itself to take advantage of the new technology.

GEORGE GILDER