

ZOMEWORKS

C O R P O R A T I O N

COOL CELL a Division of Zomeworks Corporation

September 29, 2004

Dear Shareholders,

We have begun a crucial stage of work on our Double Play heating and cooling. We are contracting with a roll former company for a machine to form metal roof panels that can heat and cool buildings. This is the culmination of five years work.

We have proven that an unglazed collector/radiator can cool the building beneath it and also do most of the heating in climates like Albuquerque. We have a prototype in the yard at Zomeworks and have been conducting tests and collecting data, starting with our Cool Cells, for over fifteen years.

We have been awarded one US patent (US Pat. No. 6,357,512 B1 *Passive Heating and Cooling System*). More patents will be filed as work continues.

I am enclosing a page with pictures and a temperature graph of a job we completed this summer for Bruce Davis, an Albuquerque Architect.

Metal roofs are popular because of their durability, their appearance and their price. Ours will be aluminum or copper rather than steel. Aluminum and copper conduct heat very well. We will use the roll form machine to make panels with snap-in water tubes. Circulating water collects heat during winter days for heating and radiates heat on summer nights for cooling.

The picture of Bruce Davis' studio shows a wall of interconnected pipes that act as thermal mass. Radiant floor slabs and overhead arrays of large diameter water-filled pipes can do the same. (There is more on this on our web-site: www.zomeworks.com. See the Technology Forum and the Architectural Cool Cell.)

This is an exciting project because it is very simple. Cooling is done without using power or pumps. The heating cycle need only use a small photovoltaic pump.

The very best thermal design can hardly be distinguished from a normal metal roof.

The large financial advantage the Double Play systems provide are estimated in the enclosed theoretical report written by Jay Burch, Craig Christiansen and the National Renewable Energy Lab (NREL). I have written a layman's explanation.

What jobs are we pursuing?

- A. A government contractor familiar with our Cool Cells believes our equipment perfect for Army buildings in Iraq. We have written Senator Dominici to see if he can help us find whom in the Army to approach.
- B. We are discussing with architect Alfred von Bachmayr buildings using Double Play Systems to be located near the Mexican border and also on the Navajo Reservation. These sites often have no gas or power and so would otherwise require expensive means to heat and cool them. John and Lucy Fogarty, both doctors at Crownpoint, New Mexico, who work with the McCune Foundation, are interested in such Double Play Systems.
- C. We are discussing a job in Utah with Mark Chalom and Bristol Stickney. They have repeated many of our experiments on night cooling.
- D. Tim James, a Zomeworks employee who installed the Davis system, is looking for a property as a Double Play spec house, and may install a system on his own recently acquired double-wide.
- E. Bruce Davis continues to show his studio to his many clients and prospects.
- F. David Harrison, Vice President of Zomeworks and long time independent contractor believes there is a strong local market for the Double Play System. He likes its simplicity, potential low installation cost, inherent reliability and long-term energy savings. He says, "I've worked with this and Cool Cell technology for over 12 years and know it is reliable and really works. We've had very few problems with our Cool Cells. It is time to go beyond conditioned cabinets and move into architecture. I am certain when we have a completed product and system, I can sell it to my clients."

The Davis project, just two months old, has not yet produced more work, but is a retrofit installation and is not as clean as new construction. Perhaps it has not received enough exposure. The placement of radiators and heat storage within the conditioned space is a challenge. It is not to everyone's taste. Many will never accept water tanks in any configuration in their living room, but some people will. This approach may be acceptable for other building types and uses. Garages, studios, workshops, warehouses and some commercial buildings are all good candidates.

Future designs, which include roll-formed metal roofs plumbed to radiant floors (good for heating, so – so for cooling, will have a much greater appeal to the public because the building will look like any other building.

Initially we will do no marketing other than exposing the work we complete.

Costs

The price of the roll form machine is \$26,000. We have been approved for a lease – purchase contract that will require an initial payment (first and last month's payments) of \$1,300 with

monthly payments thereafter of \$650 per month for five years. A 1,000-pound roll of metal will cost \$2,800. A trip to Philadelphia, where the machine is manufactured, will be necessary. I anticipate about four months of work by myself, David Harrison, Kent Johnson and Tim James – all at Zomeworks – to work on Double Play System refinements and continue testing, while we await completion of the roll former and seek local jobs.

Expenses:	Roll Form Machine: down payment and 6 monthly payments:	\$ 5,200.00
	Salaries (burdened) – 4 months of continued R&D:	\$20,000.00
	Roll of Metal (1,000 lbs.)	\$ 2,800.00
	Travel:	\$ 2,000.00
	Patents:	\$10,000.00
	Printing of explanatory materials,	\$ 2,000.00
	Miscellaneous tools and equipment	\$ 1,000.00
	Subsidies to promote prototypes (as we did with the Davis job)	<u>\$50,000.00</u>
TOTAL-----	-----	\$93,000.00

Zomeworks has cut costs and supported development of the Double Play System building Trackers, Fixed Racks, Cool Cells and Battery Boxes. The company must have additional capital to take the next steps.

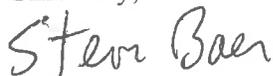
Looking past the prototypes, a large Double Play business can be carried out by trained teams of a few people with roll formers, stocks of coiled aluminum, and inventories of headers, pumps and other parts. Perhaps the businesses will be franchises in places like Amarillo, Denver, Salt Lake City, Tucson, San Diego and Riverside counties in California.

Arranging this next step, expanding the business will be much on our minds, and bring many discussions with others, as we complete more prototypes.

We will order the roll former with a commitment of \$30,000 and hold the stock price at \$3.00/share for the next 30,000 shares.

If you have questions, please call Zomeworks. Dave Harrison or I will be happy to discuss this with you and to show you the prototypes we have here. I look forward to hearing from you and discussing this with you.

Sincerely,



Steve Baer, President
Zomeworks Corporation

Enclosures: