



RedChip

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"DISCOVERING TOMORROW'S BLUE CHIPS TODAY"™

VISIBILITY

INITIAL REPORT

RESEARCH ANALYST

Clay Mahaffey, CFA

AT A GLANCE

TICKER	ANRGF, NRG.TO
RATING	BUY
FISCAL YEAR	DECEMBER
SECTOR	ALTERNATIVE ENERGY
RECENT PRICE	\$0.99
TARGET PRICE	\$4.00
MARKET CAP	\$52.93M
52-WEEK HIGH	\$6.75
52-WEEK LOW	\$0.40
PRICE/EARNINGS (TTM)	N/A
PRICE/BOOK	0.58X
PRICE/SALES (TTM)	10.92X
BOOK VALUE PER SHARE	\$1.71
OPERATING MARGIN (MRQ)	N/A
AVG DAILY VOLUME (3 MOS)	22,071
SHARES OUTSTANDING	56.2M
FLOAT	45 M
INSIDER OWNERSHIP	21%
CEO	MARK MONTEMURRO

As of May 8, 2009.



Alter NRG Corp.
700, 910 - 7 Avenue SW
Calgary, Alberta T2P 3N8
Phone: 403-806-3875
Web Site: www.alternrg.com

Alter NRG Corporation

(TSX: NRG; OTCQX: ANRGF)

MAY 22, 2009 | TARGET PRICE: \$4.00 | RATING: BUY

COMPANY OVERVIEW

Alter NRG (the "Company") is an emerging clean, alternative energy company very well-positioned to capture the next wave of development in a rapidly growing sector. The Company provides technology and services to facilitate gasification of coal, household and industrial waste, and biomass to produce ethanol and power. Alter NRG's technology is based on the use of plasma torches to gasify a broad range of carbonaceous feedstocks and was developed by Westinghouse Plasma Corporation over the last 30 years. Alter NRG acquired Westinghouse Plasma Corp. in 2007.

INVESTMENT HIGHLIGHTS

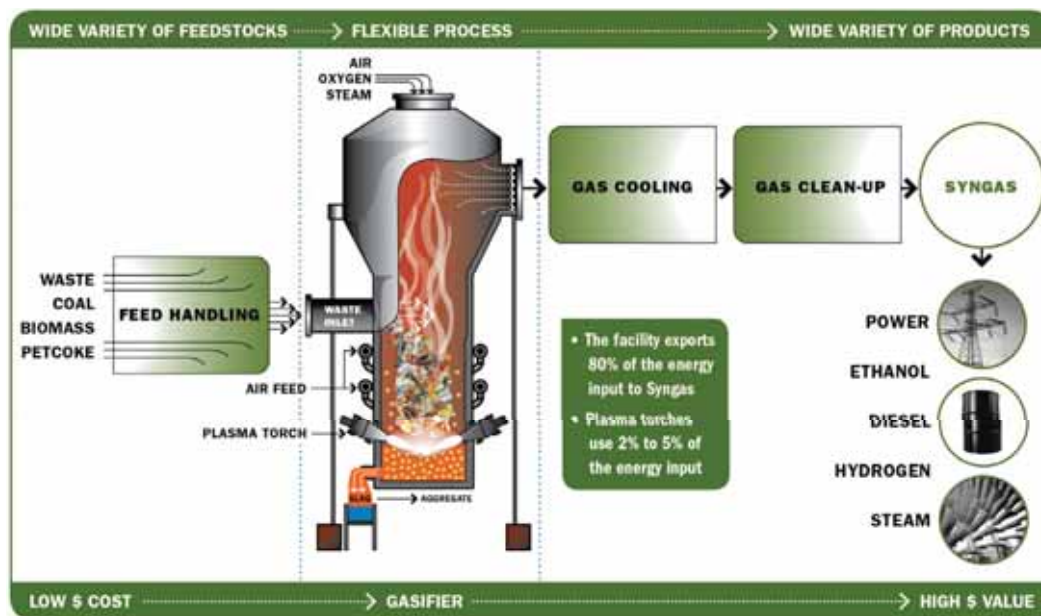
- **Grossly undervalued and under followed.** Alter NRG trades at 1x cash and 50% of book value per share.
- **Third-generation ethanol production technology.** Alter NRG is partnered with Coskata on a third-generation ethanol process in which biomass (plant wastes, municipal waste treatment, construction debris, etc.) is gasified and then fermented to produce ethanol. Alter NRG's vision is to convert biomass and waste across the United States into biorefineries producing cellulosic ethanol.
- **Federal ethanol mandate of 16 billion gallons.** The U.S. government mandate is for "advanced" cellulosic ethanol like that which Alter NRG/Coskata plan to produce.
- **Key strategic partners.** Alter NRG is in partnerships with Fortune 500 companies—NRG Energy and Air Products—independent power producers, and key engineering and construction firms to provide the front-end gasification unit for a given project that the partner develops.
- **Global sales effort.** Two waste-to-energy (WTE) plants in Japan are operating: One has been commissioned in India and an agreement was just executed for another in Turkey.
- **Experienced executives.** Senior management from leading firms (Sasol, et al.) were recruited to Alter NRG in the last two years.
- **Target price offers 5x return over current levels.**

PLASMA GASIFICATION

Gasification is a controlled process wherein carbonaceous raw material or feedstock is converted into the simple chemical building blocks of carbon monoxide and hydrogen through exposure to very high temperatures in the presence of oxygen. Although some oxygen is present in the gasification process, there is not enough to “burn” or incinerate the material. Consequently, the feedstock material is vaporized without producing ash, carbon dioxide or other pollutants. The gas produced, containing a mixture of carbon monoxide and hydrogen, is referred to as synthesis gas or “syngas.”

Syngas can be easily converted to other chemical products such as diesel fuel using the Fischer-Tropsch Method or burned to drive a turbine and generate steam and electricity using the cogeneration process. Both of these processes are commercially proven with many years of operating history.

Figure 1 - Process of Gasification



Source: Company

The Alter NRG/Westinghouse plasma gasification system operates at exceptionally high temperatures (10,000 degrees Fahrenheit). This feature produces a number of significant advantages to their process:

- Ability to gasify blended feed stocks including waste
- High-quality syngas
- Reduced operating and capital costs
- Better environmental performance
- Extremely high level of energy efficiency

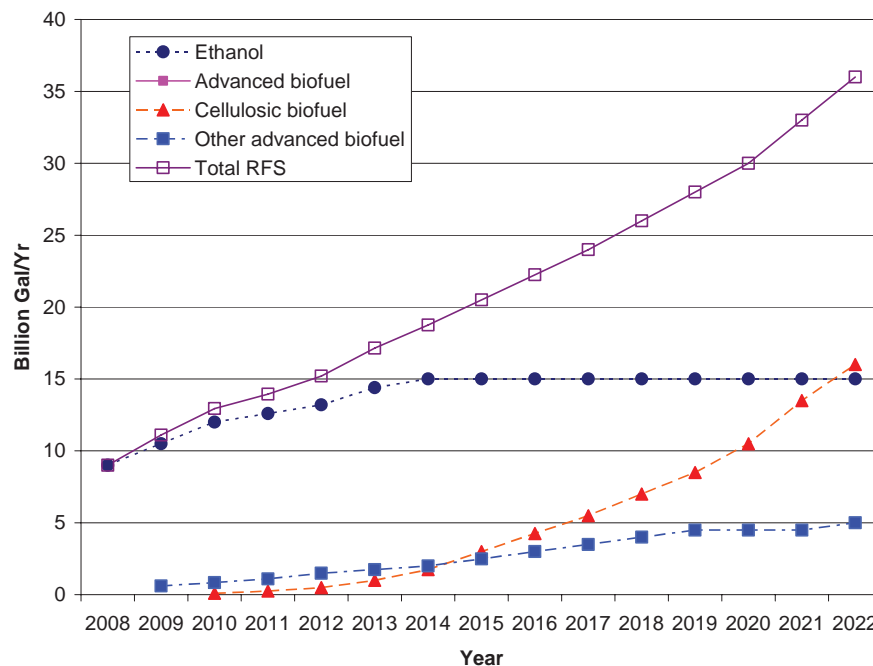
The Company is strictly involved in the gasification process and partners with strategic investors who combine gasification with cogeneration or other steps to develop systems targeting specific market segments and opportunities.

MARKET OPPORTUNITIES

Ethanol. In the last five years ethanol produced from the fermentation of corn has been blended into gasoline replacing the banned gasoline additive methyl tertiary butyl ether (MTBE) in several states in the United States. The increased demand for ethanol fermentation and other factors drove up corn prices and, consequently, operating margins of producers collapsed. Many leveraged ethanol producers declared bankruptcy and federal legislation was sought to put a ceiling on corn-based ethanol.

The Energy Independence and Security Act of 2007 specified mandates for biofuels from 9 billion gallons in 2008 to 36 billion by 2022, implying consumption in excess of the 10% blending level currently set by regulations. This mandate primarily focuses on “cellulosic” biofuel made from non-corn sources such as switchgrass and cellulosic by-products. The intention here was to enable new competitive sources of ethanol to compete for this newly created market.

Figure 2 - Federal Biofuel Mandates



Source: Renewable Fuel Association

The term “cellulosic ethanol” refers to ethanol that is produced using the non-edible parts of plants in a non-conventional manner (i.e., not fermented corn). Woodchips and switchgrass are potential cellulosic ethanol inputs for which there are a number of technologies being developed with some already commercially available. The Renewable Fuel Association lists 21 companies in the United States developing such processes. These can be categorized by type of technology (gasification to a syngas or not) and type of feedstock used. Those that don’t gasify use various types of fermentation and enzymes to convert cellulose to ethanol. This ethanol can be considered second-generation since corn starch is not fermented to make it but rather some other cellulose source material including switchgrass, corn husks, wood debris, sugar cane, etc.

Table 1 - Cellulosic Ethanol Projects Under Development and Construction

Process	Cellulose	Biomass	Total	%
non-gasification	12	1	13	62%
gasification	6	2	8	38%
Total	18	3	21	100%
%	86%	14%	100%	

Source: Renewable Fuels Association, January 2009, RedChip

The breakthrough third-generation processes will be gasification of biological waste material (biomass) including trash, wood chips, and municipal waste. The flexibility of biomass makes for a superior feedstock over any given cellulose, which may be specific to one or a few source locations thus limiting its utility across the country. Gasification is also superior in concept to alternative fermentation methods for the following reasons:

- **Feedstock flexibility.** The ability to successfully convert different feedstocks provides flexibility to use local material sources across the country. Biomass is readily available—municipal solid waste (MSW), for example—and not affected by drought or seasonal production.
- **Lower cost.** The fees paid to dispose of MSW, called “tipping” fees, range from \$30–\$70/ton across the country. Gasification does not require separation of MSW streams thus tipping fees can be directly applied to gasification costs. Some producers forecast that they can achieve costs of \$1.25/gal and, consequently, can potentially compete on price of gasoline without government subsidies.
- **Efficiency.** Low-efficiency feedstocks require greater volumes, which may mean trucking in material from greater distances, which in turn increases costs. High-efficiency gasification feedstocks such as plastics have high BTU value and are readily available in the MSW stream even in locations where recycling occurs.
- **Scalable.** In contrast to enzymes optimized for a specific feedstock, the gasification process, especially the plasma gasification process, can be used with a variety of feedstocks including variable composition material present across the country such as MSW.

A producer with a national licensing strategy can package the above benefits into a very attractive bundle and get funding as the technology works regardless of the feedstock composition. Due to larger market potential, the third-generation ethanol producers interested in this product may not be limited to the Midwestern corn growers (ADM, Aventine, etc.) but may also include regional and national wholesale gasoline distributors, including independent refiners.

Alter NRG has partnered with leading cellulosic ethanol developer, Coskata, to demonstrate its plasma gasification technology in the production of ethanol. Coskata has been selected by General Motors as its ethanol vendor, lending credibility and capital to the project. Coskata will invest \$25 million to build a demonstration cellulosic ethanol plant adjacent to the Alter NRG plasma facility in Pennsylvania. They will be testing various materials for the quality of the syngas produced and resulting ethanol conversion



yields. Once testing is completed and assuming the conversion and economics are acceptable, Alter NRG’s gasification technology would likely be required for each plant built. Coskata reports the following results from early testing work utilizing Alter NRG’s plasma gasification:

- 84% lower green house gas emissions vs. gasoline on a well-to-wheel basis
- One-third the water consumption of conventional ethanol production
- Greater than 90% energy efficiency
- Yield of more than 100 gallons ethanol per ton of raw material
- Costs of less than \$1.25/gal

Coskata has plans to build two commercial plants in 2010 (subject to financing which has not been obtained yet): one based on sugar cane/by-products as a raw material and the other on biomass. Coskata appears to be in a position to quickly leapfrog other second-generation producers. The licensing strategy is also aimed at quick market penetration. They have announced a plan to build a 50 million to 100 million gallons per year plant in Florida adjacent to a 20,000-acre sugar cane operation owned by U.S. Sugar, the largest sugar processing company in the United States. Florida is a strategic location due to the current lack of refineries or ethanol producers in the state, allowing Coskata much lower distribution costs. In addition, Coskata can supply New England and the East Coast via water transport, which is also a lower distribution cost method than rail from the Midwest.

Alter NRG will receive a technology sale of about \$60 million per 50 million gallon plant capacity, plus ongoing sales of parts in the deal with Coskata.

There are numerous technical approaches under evaluation to develop advanced ethanol; however, current obstacles to market growth must be eliminated or mitigated including the following:

- Technology
- Infrastructure
- Blending Ratios

The variety of approaches being funded is staggering and increases the chances that at least one will succeed. One problem with corn fermentation is getting the ethanol to market efficiently. There are no interstate ethanol pipelines and, therefore, product must be shipped by railcar which is a higher cost. By using cellulose, or biomass, as a raw material, which is readily available across the country, you reduce this distribution issue. Ethanol is currently blended at 10% of total volume; thus, to increase ethanol volume in a flat to declining gasoline market, you have to increase the blending ratio.

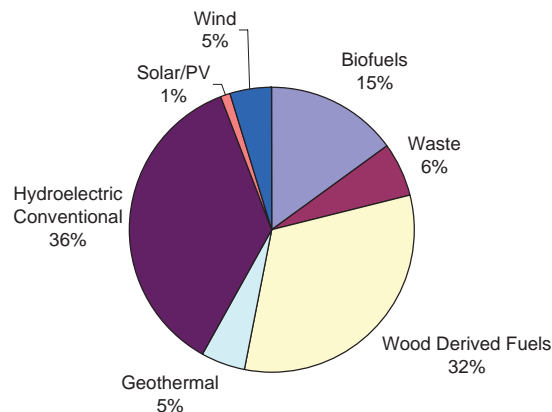
Motor Gasoline Fuel by Type		
	2008	2022
Ethanol mil barrels/day	0.62	1.44
Fuel From Biomass & Other	0.23	0.52
Petroleum Based	8.11	6.43
Motor Gasoline	8.96	8.39
Renewables % Motor Gasoline	9.5%	23.3%

Source: Energy Information Administration Annual Energy Outlook, Updated

Higher blending ratios can be achieved by adoption of E85 (85% ethanol/15% gasoline) in local and regional markets.

Waste-to-Energy (WTE). Gasification of biomass to produce syngas and then to produce electricity and steam from a cogeneration unit is a commercially proven process.

Figure 3 - U.S. Renewable Energy Consumption, 2007

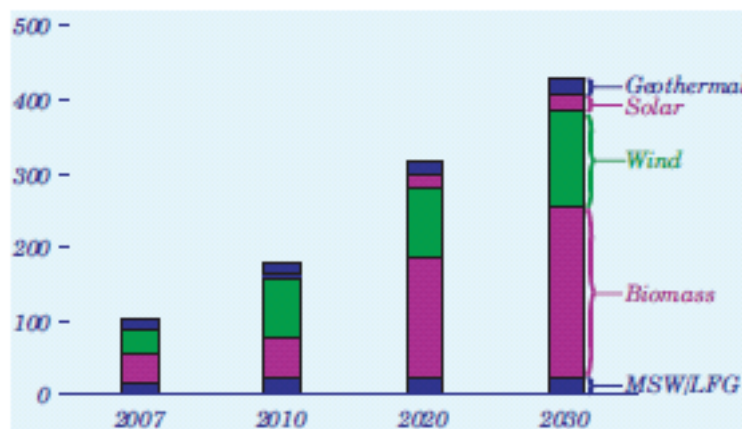


Source: Energy Information Administration (EIA), May 2008

Figure 3 shows waste, including Municipal Solid Waste (MSW) and industrial sources, accounts for 6% of the total renewable energy consumed in the United States, or about the same as solar and wind combined, though these have received much more publicity and investment to date.

Biomass and Wind Lead Projected Growth in Renewable Generation

Figure 4 - Non-hydroelectric renewable electricity generation by energy source (billion kwh)



Source: EIA, Annual Energy Outlook 2009

“Plasma Gasification can create more renewable energy than the projected energy from solar, wind, landfill gas and geothermal energies combined.” — The Georgia Tech Research Institute

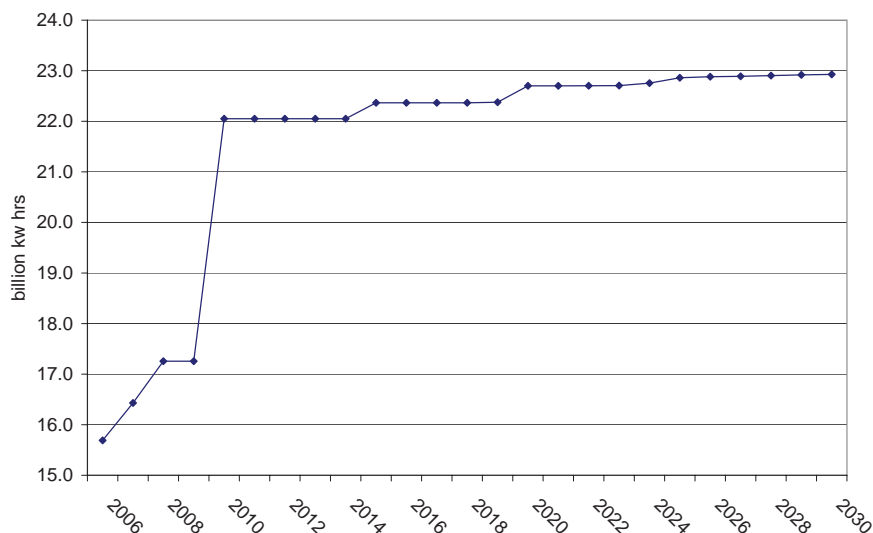
The EPA and Georgia Tech Research Institute collaborated on a report focused on plasma gasification that concluded that the technology is “ideally suited for waste processing”:

- No other process can achieve the temperatures or energy densities of the plasma arc
- Hazardous or toxic compounds are broken down to elemental constituents by high temperatures
- Organic materials are pyrolyzed or volatilized; may be converted to fuel gases
- Residual materials (heavy metals, etc.) are immobilized in a rock-like, vitrified mass that is highly resistant to leaching.” (Source: Georgia Tech Research Institute and U.S. EPA, “Plasma Arc Treatment of Municipal and Hazardous Wastes.”)

These endorsements are indicative of the beneficial role that plasma gasification has in future solid waste management. Alter NRG’s plasma process is well-suited for smaller scale projects of 50 MW to 200 MW utilizing variable composition inputs such as MSW and selected industrial hazardous wastes.

The problem with WTE and MSW is the capital cost. In addition, producers must have a prior operating plant to corroborate the assumptions. The EU is much more accepting of gasification as an advanced technology. GE is providing turbines to Nexterra to build modular 10 MW wood waste to power plants targeting rural Canada.

Figure 5 - Municipal Solid Waste Power Generation



Source: EIA Annual Energy Outlook 2009

Coal-Fired Power Plant Retrofits. Old, inefficient power plants facing large costs to meet current regulations are attractive candidates for retrofitting their pulverized coal boiler with a plasma gasifier. Alter NRG's gasifier can use biomass or a combination of biomass and coal. The syngas generated is then used to create electricity using the existing power equipment with numerous environmental and economic benefits:

- SO_x, NO_x, and particulate levels that are produced through gasification are 3%, 7% and 11% of those produced by a supercritical coal plant, respectively.
- Potential for CO₂ offset credits by blending biosolids with coal.
- Blending the coal with biomass can reduce the CO₂ emissions to that of a natural gas fired facility.
- Coal remains the primary feedstock, which is less expensive than natural gas. This results in high netback of \$50 to \$60 per MW/h
- Expected economic returns of 16% to 18% (unlevered), which improve with leverage.
- The retrofit process costs approximately \$1,500 to \$1,800 per installed kW, whereas to build new, integrated gasification combined cycle (IGCC) or Supercritical coal capacity would cost \$3,000 to \$5,000 per installed kW.
- The regulatory process is one-third to one-half less than the timeframe to build a Greenfield power plant.

The power plant retrofit opportunity in North America is at least 300 plants between 100–300 MW, according to independent power producer, NRG Energy (NYSE: NRG). The Company believes a 10% market share would provide \$2.4 billion in annual cash flow (net) and \$1.5 billion in technology sales. To monetize this opportunity, Alter NRG has entered into a strategic partnership with NRG Energy to perform the world's first plasma gasification facility retrofit in Somerset, Massachusetts. The 120 MW project will retrofit the current coal-fired power plant with an Alter NRG gasifier system that will be fed by MSW from within a 50-mile radius of the plant. The Somerset plant will use a blended feedstock of coal and biomass to produce a clean source of syngas which will then be utilized within the existing power infrastructure to ultimately produce electricity. The State of Massachusetts has a stringent regulatory environment and has approved the Somerset retrofit, making it the first commercial-scale plasma gasification project to be approved in North America. The project, developed by NRG Energy, who owns the facility, is expected to have a total capital cost of \$180 million to \$200 million and is expected to begin construction in late 2009 or early 2010 (depending on final NRG board approval and regulatory appeal). The Somerset Station retrofit project will provide Alter NRG with a technology sale of approximately \$40 million and an option to take an equity position of up to 25%.

NRG Energy is a \$10 billion owner/operator of a diverse portfolio of energy generation projects in the United States, Europe, and Australia. With over 23,000 MW generation capacity in their global portfolio,



NRG's selection of Alter NRG's technology is further validation of Alter NRG's expertise and represents opportunities for Alter NRG to further expand in the retrofit market. As part of the joint venture agreement with NRG Energy, Alter NRG will realize technology sales of \$30 million to \$70 million per retrofit and retain the option to make an equity investment in each project. NRG estimates there are at least 300 projects of this size and scope in the United States.

In addition to the North American market, there are numerous coal fired power plants around the world that have been identified by their local governments as environmental concerns. Alter NRG will look to partner with other industry leading companies to pursue additional global opportunities.

Coal-to-Liquids. Alter NRG has a vast supply of coal (520 million tons) in Alberta, Canada, and plans to develop a coal-to-liquids processing facility (Fox Creek Project). The hydrocarbon output of the facility will then be shipped via pipeline to Edmonton, Alberta, for blending and sales. The project would sequester 85% of the greenhouse gas emissions by using the CO₂ produced as an enhanced oil recovery (EOR) aid in local fields. The scope of the project is of world scale: 40,000 barrels per day (bpd) of diesel for 50 years.

STRATEGIC PARTNERSHIPS

Since Alter NRG's technology is only a portion of the energy conversion process, the Company has adopted a practical strategy of working through key engineering and construction firms to initiate and develop projects around the world. This 'rifle shot' approach of using larger, more capable operators as opposed to smaller entrepreneurs is expected to focus resources and lead to ongoing projects. Some of Alter NRG's current projects include:

NRG Energy – One of America's largest independent power producers. The Company has received regulatory approval for North America's first commercial-scale plasma gasification project.

SMSIL – Central India's largest civil engineering and infrastructure development company. The Company is constructing the world's largest plasma gasification hazardous waste facilities.

Coskata – A leading cellulosic ethanol technology developer who is partnered with General Motors. Coskata continues to advance Project Lighthouse, a cellulosic ethanol commercial demonstration project located at Westinghouse Plasma Corporation's commercial demonstration facility in Madison, Pennsylvania.

Air Products – A Fortune 500 industrial gas company (NYSE:AP) with global operations, signed a joint development agreement to build renewable energy projects in North America and Europe.

Saipem – An Italy based global engineering and construction firm active in the oil and gas industry, Saipem has a joint development agreement to market the Westinghouse plasma technology in the Middle East.

CORPORATE HISTORY

- Incorporated February 2007
- IPO April 17, 2007: 15.55 million shares at C\$2.25/share; gross proceeds of C\$35 million



- Acquired WPC (Westinghouse Plasma Corporation) April 17, 2007 for \$29 million cash and shares. Began trading on Toronto Venture Exchange under symbol “NRG.”
- May 17, 2007: over allotment of 2.3 million shares at \$2.25 granted for gross proceeds of \$5.2 million.
- November 17, 2007: issued 4.4 million units (one share and one warrant) at \$2.27 for gross proceeds of \$10 million.
- April 3, 2008: private placement of 10.4 million shares issued at \$4.40 for gross proceeds of \$46 million.
- November 2008 graduated from Toronto Venture Exchange to Toronto Exchange. Secured listing on OTCQX Exchange in the United States.

MANAGEMENT AND DIRECTORS

Mark A. Montemurro - President and CEO

Mr. Montemurro recently held the position of Vice President of Thermal Operations with Deer Creek Energy from 2002 to September 2005, at which time the company was purchased by Total. He has more than 24 years oil and gas experience, focusing primarily on the application of new technologies and the commercial development of conventional and thermal heavy oil. Prior to Deer Creek Energy, Mr. Montemurro was General Manager at PanCanadian Energy Corporation, and was initially responsible for the Heavy Oil Business Unit and later Information Services. Mr. Montemurro spent eight years in increasingly senior engineering management roles at CS Resources Limited. He holds a Bachelor of Science in Chemical Engineering from the University of Calgary.

Danny Hay - Chief Financial Officer

As CFO and Vice President of Finance for numerous small public oil and gas companies, Mr. Hay brings with him extensive experience in oil and gas accounting, finance and public company reporting. Danny was also a Senior Manager with Grant Thornton LLP where he was leader of the oil and gas business unit specializing in audit taxation and consulting services that included public documents and filings. Danny holds a Bachelor of Commerce degree from the University of Calgary and is a Chartered Accountant.

Michael E. Heier - Director and Chairman

Mr. Heier is the founder and Chairman of Trinidad Energy Services Income Trust. Mr. Heier also held the position of Chief Executive Officer of Trinidad and its predecessor from June 1998 until January of 2008. He is a journeyman millwright and has been involved in the oil and gas industry in Western Canada since 1976. Mr. Heier played a key role in the growth of a family group of companies from that time until early 2000. At its peak activity level in 1997, this group of companies had combined revenues in excess of \$50 million and employed just fewer than 400 people throughout Western Canada.

Mr. Heier also served as Chief Executive Officer and Chairman of Trinity Energy from 1987 to 1998. Trinity Energy Ltd. grew from 25 barrels of oil per day to an average of over 2,000 barrels of oil per day making



it one of the largest private independent oil and gas producers in the Province of Saskatchewan. During this same time frame, Trinity Energy Ltd. developed and sold over \$75 million worth of oil and gas assets. Trinity Energy Ltd. became Trinity Energy Inc. in 1998 and went on to find one of the largest concentrated deposits of coal bed methane in the plains region in Alberta. This land position was successfully joint ventured with Nexen Canada in 2000. Trinity Energy Inc. operated as a public non-trading entity with approximately 135 shareholders.

Richard Fish - Chief Marketing and Sales Officer

Mr. Fish has held senior executive positions where he successfully drove revenue over the hundreds of millions of dollars. As Chief Marketing and Sales Officer at Workhorse Custom Chassis (2000–2003) Mr. Fish led global sales, strategic partnerships and acquisitions. Mr. Fish was Sr. Vice President and Chief Sales and Marketing Officer with Universal Trailer Corp. (2003–2005), the largest manufacturer of specialty trailers in North America. Mr. Fish held the position of Portfolio CEO and Operating Partner with Monomoy Capital Partners (2005–2008), a private equity fund.

Kevin Willerton - Vice President, Sales & Marketing

Mr. Willerton brings to Alter NRG 21 years of experience in the electricity industry, the majority of which has been in a business development capacity. He was Vice President of Business Development at ENMAX where he led the company's entry into wind power. He held numerous roles over a 10-year period at TransAlta including business development, marketing, commodity risk management and engineering. Mr. Willerton is a Professional Engineer, has a Bachelor of Science in Electrical Engineering from the University of Saskatchewan, and an MBA from the University of Calgary.

Pieter van Nierop - Vice President, Engineering

Dr. van Nierop has 15 years experience with Sasol, an international oil, gas and petrochemicals company and world leader in gasification technology, headquartered in South Africa. Dr. van Nierop worked in various senior business and technical roles at Sasol, including as Managing Director responsible for the Sasol-Lurgi Technology Company. In Calgary, he has worked with the Alberta Research Council; Bantrel; and, most recently, Shell Canada—all in lead gasification roles. Dr. van Nierop has his D.Sc. in Chemistry and an MBA.

Ken Willis - Vice President, Project Development

As a former Executive Vice President for Enmax, Mr. Willis has experience strategically stewarding business growth and expansion. He has extensive experience in the Canadian electric energy sector where his many accomplishments include stewarding power purchase agreements to completion and developing strategic partnerships in rapidly changing and complex market environments. Mr. Willis holds an electrical engineering degree from the University of Saskatchewan and an MBA in Finance from the University of Calgary.

Kent Hicks - Vice President, Construction & Operations

Mr. Hicks is an energy executive with 22 years of experience in Canada, the United States, Asia and Europe. Most recently, he has worked in senior roles for Petro Canada, Synenco Energy and OPTI Canada. He has a proven track record in constructing, starting up, and operating energy projects including significant experience in gasification.



Mr. Hicks served as the Commissioning and Start-up Manager during the early phases of the OPTI/Nexen Long Lake project, the first gasification project in the Alberta oil sands. Most recently, Mr. Hicks was Vice President of Downstream Operations for Synenco Energy and General Manager in Petro Canada's Fort Hills oil sands project. Mr. Hicks is a professional engineer with a Bachelor of Science in Chemical Engineering from the University of Missouri-Rolla.

Alex Damnjanovic - Vice President, Strategic Alliances

Mr. Damnjanovic brings to Alter NRG 20 years of experience in sales, marketing and business development spanning across the construction, power and petroleum industries. Prior to joining Alter NRG, Mr. Damnjanovic was VP Sales & Business Development at Kudu Industries where he led the company's commercial development of technology for thermally produced oil wells. Mr. Damnjanovic is a Professional Engineer with a Bachelor of Science in Mechanical Engineering from the University of Manitoba and an MBA from Wilfred Laurier in Waterloo, Ontario.

VALUATION

A sum-of-parts approach using a discounted cash flow analysis has been used to determine the fair value of the Company. The underlying key assumptions are:

Energy Prices: Oil will recover from current depressed prices led by demand from developing countries (Brazil, India, China, Russia) who will recover from the recession more quickly than the United States.

Technical Fees: Alter NRG plans to charge technical fees per licensed plant as noted in Table 2. These fees are for delivery of a gasifier and will provide 37.5% cash margins. Although the Company states they will convert fees to equity participation, none of these plans have been consummated and for valuation purposes have not been included. An ongoing technical service fee of 5% per year from the initial sale is assumed.

Table 2 - Technology Fees per Plant

Segment	Standard Plant	Stated Fee/Plant, \$mil	Assumed Discount, %	Assumed Fee/plant, \$mil
Ethanol	50 million gal/yr	60	0%	60
Waste-to-energy	750 tons/day	30	0%	30
Coal Retrofit	100 megawatts	60	0%	60

The market potential varies considerably for each targeted segment. Cellulosic ethanol is an emerging market and is assumed to meet the federal mandates each year for the next ten years. Over the next ten years, this will require 70 plants to be built of 100-million-gallons per year capacity. The WTE segment size has an even larger potential than ethanol determined by the tons of waste that are land filled each year. The potential is about 1,000 plants of 750-tons per day capacity over the next ten years. Realistically, this theoretical potential is not attainable due to costs, perceived risk of change and satisfaction with



the status quo. On the other hand, conversion of 10% of these facilities worldwide may be attainable in those situations where the factors are more favorable (high tipping and electricity prices, acceptance of technological advantages, etc.). The U.S. coal retrofit key market is based on a survey done by NRG Energy. It is assumed that 25% of the 300 plant candidates are converted over the next ten years.

Table 3 - Segment Potential and Assumptions

Segment	2009 Market Potential(1,2), # Plants	Yr 10 Potential, # Plants	Yr 10 Potential Tech Fee Revenue, \$ bil	% Opportunities Converted Yrs 1-10 (Alter NRG plus others)	# Plants Cumulative yr 1-10
Cellulosic Ethanol	N/A	70	8.4	100%	70
WTE	1096	1000	30	10%	100
Coal Retrofit	300	300	18	25%	75

(1) WTE:landfill/yr,North America; 200 mil tpy, Rest of World 100 mil tpy, 750 tpd/plant

(2) Coal per NRG US Market Survey

(3) Number of plants times fee/plant, per Table 2

Alter NRG's share of the market in each segment. Cellulosic ethanol (biomass gasification) is assumed to represent the largest market opportunity for Alter NRG due to the importance of the syngas to the downstream application (fermentation to ethanol) and the strength of the relationship to date with Coskata and their tie-in with GM. This is due to Alter NRG's process of eliminating small levels of impurities, which is key to the success of the fermentation process. Although there is significant technical risk in the Coskata process there are several competing processes also based on biomass gasification. Coskata does not have an exclusive relationship with Alter NRG and Alter NRG has the freedom to pursue other cellulosic ethanol vendors seeking a quality gasification process. Given the massive size of the mandate (16 billion gallons vs. 9 billion for corn-based fermentation) the race to develop a process is well underway and Alter NRG will likely be a recognized player in the segment. The WTE and coal retrofit segments seem less critical and Alter NRG will have more competition and lower market share.

Using the market share assumptions below and technical fees per Table 2, the cellulosic ethanol market is expected to grow to ten times the WTE and three times the coal retrofit segment.

Table 4 - Alter NRG Market Share and Revenue

Segment	Alter Gasification Share Yr 1-10	Alter # Plants, Yr 1-10 Total	Alter Revenue Yr 1-10, \$mil
Cellulosic Ethanol	50%	28	3,360
WTE	25%	11	330
Coal Retrofit	25%	22	1,320

The WTE market is assumed to result in about one plant per year over the next ten years. Air Products alone is capable of generating this level of projects themselves due to their expertise in engineering and global marketing presence.



The coal-to-liquids plant is not close to fruition and is not likely to generate cash within the next ten years. In order to monetize this project within the next 2–3 years, it is assumed Alter NRG will develop engineering plans and then sell off all or a portion of their interests to a larger operator.

Based on our assumptions, a discounted cash flow analysis provides a clear “Buy” signal. We have modeled several alternate sales assumptions for Alter NRG, and in each scenario the net present value (NPV) per share has proved to greatly exceed the current market value. The sales forecast and estimated market share derive an NPV of \$2.70/share when discounted at 50% and \$0.50 at 75% (see Table 6). This valuation is essentially the cash value per share, which implies nearly zero percent probability of future cash flows, which is not likely. Reducing the discount rate to 25% drastically increases the NPV to \$13.80/share due to the contribution of cash flow in the out years. Although this forecast is possible, a more conservative set of sales assumptions is that one project is sold in each year for the next ten years. Using typical discount rates of 10%–25%, this “Low Growth” scenario still provides target prices 5 to 15 times the recent share price of \$0.90.

The “No Ethanol” case. In looking at the sales projections, the number of ethanol plants sold is the key difference. If the gasification processes under evaluation work, Alter NRG is in an excellent position to sell a lot of plants, and conversely if they don’t work, they won’t. To a lesser degree the same case applies for the coal retrofit, but here Alter NRG is more dependent on NRG Energy as the strategic developer.

Table 5 - NPV scenarios with/without Ethanol contribution

	Low Growth	No Ethanol	Total
Probability	50%	50%	100%
NPV @ 25%	4.80	1.40	-
NPV x Prob.	2.40	0.70	\$3.10

There is a huge sensitivity of the NPV according to the alternate sales assumptions and discount rates as shown in Table 6: \$13.80/share down to \$1.40/share if a 25% discount rate is used.

Table 6 - Key Assumptions and NPV Calculations

Yr 1-10 Total # Plants	Forecast	Low Growth	No Ethanol
Ethanol	28	9	0
WTE	9	9	9
Coal	22	10	10
Coal To Liquids	0	0	0

Discount Rate			
90%	\$0.10	-	-
75%	\$0.50	\$0.00	-
50%	\$2.70	\$1.00	-
25%	\$13.80	\$4.80	\$ 1.40
10%	\$44.50	\$14.50	\$ 4.90

A preferred approach is to set the discount rate at 25% and then assigning a probability to each sales scenario and calculate a weighted average target price. Table 7 on the page 15 shows this valuation.

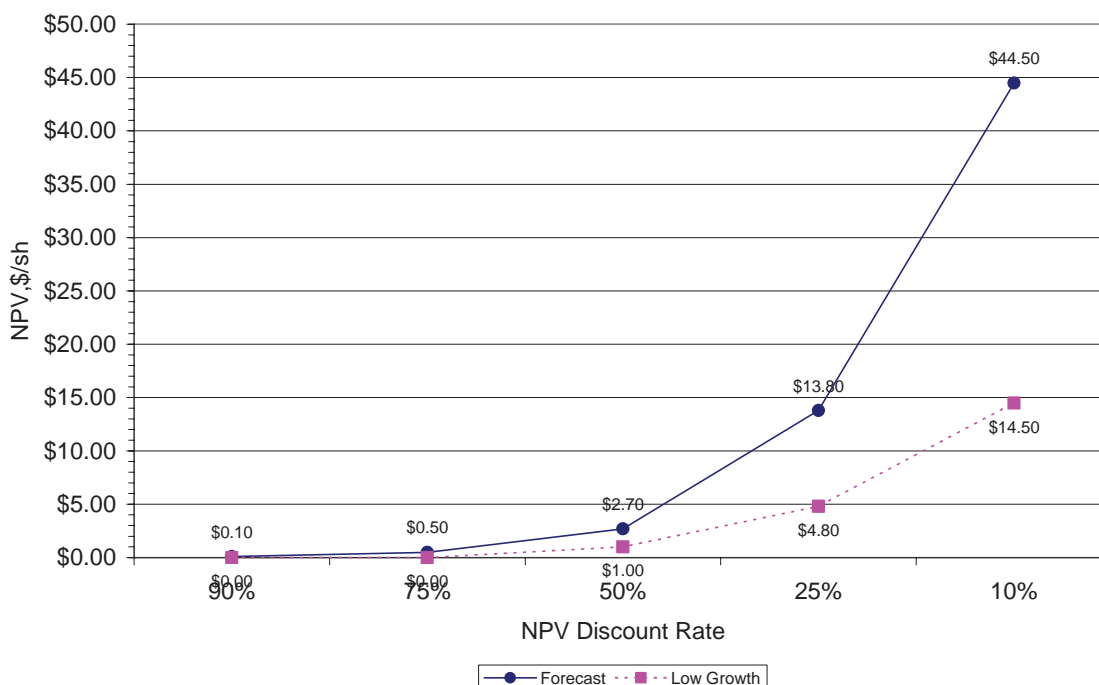


Table 7 - Weighted Probabilities and Target Price

	Forecast	Low Growth	No Ethanol	Total
NPV @ 25%	\$13.80	\$4.80	\$1.40	-
Probability %	10%	50%	40%	100%
Projected Price	\$1.38	\$2.40	\$0.56	\$4.34

We consider three alternative cases in Table 7 with each scenario’s NPV discounted 25%. A probability is assigned to each case that reflects the level of technical and operationsl risk (these three probabilities sum to 100%). The weighted average probability × NPV@ 25% derives our net result. Using this method the total weighted average NPV@ 25% is \$4.34. Given this high degree of uncertainty, we are discounting this calculated NPV value slightly to derive our 12-month target price of \$4.00 per share.

Figure 6 - Net Present Value as a Function of Discount Rate, \$/share





INVESTMENT CONCLUSION

Alter NRG is a technology company highly leveraged to the alternative energy and biofuel markets. The Company is focused on a few key markets where its technology adds value and where we believe the potential is enormous (especially in the third-generation ethanol market). Through strategic partnerships with companies that have the financial and engineering resources to develop projects, Alter NRG is engaged in gasification projects in the United States, Europe, and Asia. The business model is to rely on these partners for the upfront development and then sell them the equipment and license the technology with the option to convert their fees into equity.

It is truly remarkable that the investing public has an opportunity to participate in Alter NRG's opportunities which otherwise would be restricted to private equity and venture capitalists. The Company's cellulosic ethanol project with Coskata for instance is out of the view of the general investing public which believes ethanol is not cost effective and wholly dependent on government subsidies for its existence—which is true for the most part. However, few investors know that there is such a thing as "cellulosic ethanol" being developed and even fewer are aware of the third-generation technology actively being developed by Alter NRG/Coskata.

The Company's share price has been pummeled due to a host of reasons: the collapse of commodity prices in 2008, the global recession, skepticism regarding biofuels/alternative energy in general, but most glaring is the lack of awareness of Alter NRG's business potential. Frankly, the stock has been incredibly oversold and is now trading about equal to the cash value per share or a liquidation value which we believe is completely inappropriate. That said, in order for the stock to reach a fraction of its potential in our opinion there has to be news from the Company's strategic partners announcing success in securing and developing attractive projects. Third-party validation will help resolve the normal skepticism associated with ventures with this level of potential.

Although not every project Alter NRG has been involved in has worked out, we do not believe this reflects on the underlying technology and business potential. The Westinghouse brand is a tremendous asset for the Company upon which future technology sales are all but assured. The technical fees from a single plant, whether ethanol or WTE or coal retrofit, are about equal to the Company's current market capitalization representing a severe imbalance in the stock's current price. The downside is Alter NRG burns through their cash in two to three years. The upside is easily 5–10x the current price making the risk/reward exceptionally attractive.



RISKS

- **Technology Risk.** Although demonstration plants exist, there is a risk that the process will not work as well as anticipated or as compared to other applications.
- **Dependence on Business Development Partners.** The Company is only supplying one element of a complete system that is developed and marketed by third parties over which the Company has little control. For example, Coskata has not received funding for their biorefineries.
- **Political Activists Risk.** Environmental and other activists may have an agenda to block or delay implementation of projects based on opinions or their view of the facts. Some of them are well funded and capable of mobilizing public opinion.
- **Regulatory Risk.** Local, State and Federal regulations in the United States may be adopted that favor alternative technologies or processes.
- **Penny Stock.** The ANRGF share price is less than \$5.00/share thus falls under the “penny stock” rules in the U.S. that restrict the ability of stock brokers to solicit purchase of the stock for their clients. In addition, many institutional investors have guidelines preventing purchase of stocks below this price level.
- **Shares Traded Over-the-Counter.** The Company is not listed on a U.S. exchange nor does it make regulatory filings with the Securities and Exchange Commission in the United States. The Company is listed on the Toronto Exchange in Canada and makes regular filings with Canadian Regulatory authorities (SEDAR).
- **Commodity Price Risk.** Oil and natural gas are at depressed levels, making alternative sources of energy such as the Company is promoting less attractive.
- **Investment Risk.** The Company has significant cash reserves, and it is possible that an investment is made that does not provide an attractive return.
- **Share Price Liquidity.** The stock has a low trading volume and can be volatile.



Appendix A - Key Valuation Assumptions

Cellulosic Ethanol, mgy/plant	100
Alter NRG, Ethanol Technical Fees/plant	120 per 100 mgy plant
Alter NRG Fees/WTE Plant	30
Alter NRG Fees, Coal Retrofit Plant	60
Cash Margin on sales	37.5%
Ongoing Service Fees, % Initial fee	5%
Terminal Value, P/E	15

Assumptions	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Yr 1-10 Totals
US Cellulosic ethanol plants, cumulative total	-	1	3	5	10	18	30	42	55	70	70
Gasification process, new plants	-	1	2	1	4	6	9	9	10	10	52
Non-Gasification process, new plants	-	-	-	1	1	2	3	3	3	5	18
Cellulosic Ethanol Capacity, mgy	-	100	300	500	1,000	1,800	3,000	4,200	5,500	7,000	-
Capacity, % US Mandate	-	100%	120%	100%	100%	103%	100%	99%	100%	100%	-
Alter NRG, % gasification capacity	-	100%	50%	50%	50%	50%	50%	50%	50%	50%	-
Alter NRG, new plants	-	1	1	1	2	3	5	5	5	5	28
Alter NRG Revenue, \$mil	-	120	120	120	240	360	600	600	600	600	3,360
WTE Plants, World New Plants	10	10	10	10	10	10	10	10	10	10	100
Gasification plants, %	100%	50%	50%	50%	50%	50%	50%	50%	50%	50%	-
Alter NRG Plasma Plants, % Gasification	0%	25%	25%	25%	25%	25%	25%	25%	25%	25%	-
Alter NRG Plants	-	1	1	1	1	1	1	1	1	1	9
Alter NRG Revenue, \$	-	30	30	30	30	30	30	30	30	30	270
U.S. Coal Plant Retrofit, count/yr	1	2	4	6	7	8	10	10	12	15	75
Gasification plants, %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	-
Alter NRG Plasma Plants, % Gasification	25%	50%	25%	25%	25%	25%	25%	25%	25%	25%	-
Alter NRG Plants	0.25	1	1	2	2	2	3	3	3	4	21
Alter NRG Revenue, \$	15	60	60	120	120	120	180	180	180	240	1,275
Coal To Liquid	-	-	50	-	-	-	-	-	-	-	50

Appendix B - Discounted Cash Flow Model

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Technical Fees	15	210	260	270	390	510	810	810	810	870
Ongoing service fees	-	0.8	11.3	21.8	35.3	54.8	80.3	120.8	161.3	201.8
Total Revenue, \$mil	15.0	210.8	271.3	291.8	425.3	564.8	890.3	930.8	971.3	1,071.8
Cost of Goods	9.4	131.3	162.5	168.8	243.8	318.8	506.3	506.3	506.3	543.8
Gross Margin	5.6	79.5	108.8	123.0	181.5	246.0	384.0	424.5	465.0	528.0
SG&A	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0
EBITDA, \$	(4.4)	68.5	96.8	110.0	167.5	231.0	368.0	407.5	447.0	509.0
EBITDA, %	-29%	33%	36%	38%	39%	41%	41%	44%	46%	47%
Net Income @ 35% tax rate	(2.8)	44.5	62.9	71.5	108.9	150.2	239.2	264.9	290.6	330.9
Terminal Value, \$mil	-	-	-	-	-	-	-	-	-	4,963
Discount Rate	45%									
NPV of Cash Flows @ Discount Rate	\$138.77									
NPV of Terminal Value	\$120.79									
Include Cash	(\$50.00)									
Equity Valuation	\$209.56									
# shares fully diluted, mil	60									
NPV, \$/sh	\$3.50									



12-MONTH PRICE CHART



Income Statement

All Figures in US\$

FY Ending December 31,

	1Q08	2Q08	3Q08	4Q08	1Q09
Revenue, interest and other income:					
Sales	711,587	853,305	318,274	505,031	1,114,142
Interest and other income	352,262	510,166	462,074	356,639	136,322
Gain on sale	-	778,404	-	1	-
Total	1,063,849	2,141,875	780,348	861,671	1,250,464
Expenses:					
Direct cost of sales	444,898	390,354	212,654	357,615	463,375
General and administrative	1,953,583	2,914,666	3,610,946	1,813,837	2,878,676
Stock based compensation	411,075	1,219,280	439,579	456,500	513,000
Depreciation and amortization	399,575	443,733	451,663	538,098	541,611
Write down of property, plant and equipment	-	-	-	1,941,422	-
Total expenses	3,209,131	4,968,033	4,714,842	5,107,472	4,396,662
Loss before income taxes	(2,145,282)	(2,826,158)	(3,934,494)	(4,245,801)	(3,146,198)
Provision for income taxes					
Provision for income taxes	251	253	5	24	-
Future	(336,400)	(372,103)	479,868	653	(200,649)
Total provision for income taxes	(336,149)	(371,850)	479,873	677	(200,649)
Net loss	(1,809,133)	(2,454,308)	(4,414,367)	(4,246,478)	(2,945,549)
Deficit, beginning of period	(13,174,434)	(14,983,567)	(17,437,875)	(21,852,242)	(26,098,720)
Deficit, end of period	(14,983,567)	(17,437,875)	(21,852,242)	(26,098,720)	(29,044,269)
Loss per share – basic and diluted	(0.04)	(0.04)	(0.08)	(0.08)	(0.05)



Income Statement			
All Figures in US\$			
FY Ending December 31,	FY06	FY07	FY08
Revenue, interest and other income:			
Sales	-	1,544,855	2,388,197
Interest and other income	83,366	1,046,015	1,681,141
Gain on sale	-	-	778,405
Total	83,366	2,590,870	4,847,743
Expenses:			
Direct cost of sales	-	784,551	1,405,521
General and administrative	1,437,436	6,019,793	10,293,032
Stock based compensation	290,253	1,410,722	2,526,434
Amortization of deferred compensation	-	5,284,620	-
Depreciation and amortization	13,568	1,128,814	1,833,069
Write down of property, plant and equipment	-	-	1,941,422
Write down of resource property	-	50,759	-
Total expenses	1,741,257	14,679,259	17,999,478
Loss before income taxes	(1,657,891)	(12,088,389)	(13,151,735)
Provision for income taxes			
Provision for income taxes	-	1,036	533
Future	-	(572,882)	(227,982)
Total provision for income taxes	-	(571,846)	(227,449)
Net loss	(1,657,891)	(11,516,543)	(12,924,286)
Deficit, beginning of period	-	(1,657,891)	(13,174,434)
Deficit, end of period	(1,657,891)	(13,174,434)	
Loss per share – basic and diluted	(0.16)	(0.35)	(0.24)



Balance Sheet				
All Figures in US\$				
FY Ending December 31,	2Q08	3Q08	4Q08	1Q09
Assets				
Current assets:				
Cash and cash equivalents	62,638,188	55,593,605	51,252,576	47,043,847
Accounts receivable	1,042,914	912,619	1,639,637	1,473,059
Prepaid expenses	368,182	283,166	388,144	223,397
Inventories	285,660	377,235	423,686	715,689
Future income tax benefit	646,607	-	-	-
Total current assets	64,981,551	57,166,625	53,704,043	49,455,992
Restricted cash	509,300	529,950	612,300	630,100
Property, plant and equipment	6,859,945	12,542,370	11,538,150	12,229,320
Resource properties	2,080,830	2,512,653	2,779,215	2,839,561
Deferred costs	1,147,272	-	-	-
Intangible assets	45,130,886	46,897,090	53,850,248	55,510,244
Total assets	120,709,784	119,648,688	122,483,956	120,665,217
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable and accrued liabilities	1,804,161	2,834,124	2,574,868	2,769,974
Deferred revenue	1,092,645	1,258,032	1,685,182	919,619
Total current liabilities	2,896,806	4,092,156	4,260,050	3,689,593
Future income tax liability	18,959,943	19,568,772	22,602,635	23,048,792
Total liabilities	21,856,749	23,660,928	26,862,685	26,738,385
Shareholders' equity:				
Shareholders' capital	116,298,287	116,456,163	116,456,163	116,456,163
Contributed surplus	3,240,183	3,634,051	4,090,551	4,603,551
Total	119,538,470	120,090,214	120,546,714	121,059,714
Deficit	(17,437,875)	(21,852,242)	(26,098,720)	(29,044,269)
Accumulated other comprehensive income (loss)	(3,247,560)	(2,250,212)	1,173,277	1,911,387
Total	(20,685,435)	24,102,454	(24,925,443)	(27,132,882)
Total shareholders' equity	98,853,035	95,987,760	95,621,271	93,926,832
Total liabilities and shareholders' equity	120,709,784	119,648,688	122,483,956	120,665,217



Balance Sheet

All Figures in US\$

FY Ending December 31,

FY06

FY07

FY08

Assets

Current assets:

Cash and cash equivalents	9,000,252	30,092,483	51,252,576
Accounts receivable	106,403	718,641	1,639,637
Prepaid expenses	23,472	176,606	388,144
Inventories	-	153,747	423,686
Future income tax benefit	-	244,040	-
Total current assets	9,130,127	31,385,517	53,704,043

Restricted cash

Restricted cash	-	-	612,300
Property, plant and equipment	69,253	1,463,961	11,538,150
Resource properties	1,107,325	1,593,893	2,779,215
Deferred costs	1,313,676	99,323	-
Intangible assets	299,515	43,963,580	53,850,248
Total assets	11,919,896	78,506,274	122,483,956

Liabilities and shareholders' equity

Current liabilities:

Accounts payable and accrued liabilities	663,717	2,199,708	2,574,868
Deferred revenue	-	382,543	1,685,182
Total current liabilities	663,717	2,582,251	4,260,050

Future income tax liability

Future income tax liability	-	18,706,962	22,602,635
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Total liabilities	663,717	21,289,213	26,862,685
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Shareholders' equity:

Shareholders' capital	12,623,817	72,718,807	116,456,163
Contributed surplus	290,253	1,699,158	4,090,551
Total	12,914,070	74,417,965	120,546,714

Deficit	(1,657,891)	(13,174,434)	(26,098,720)
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Accumulated other comprehensive income (loss)	-	(4,026,470)	1,173,277
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Total	(1,657,891)	(17,200,904)	(24,925,443)
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Total shareholders' equity	11,256,179	57,217,061	95,621,271
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Total liabilities and shareholders' equity	11,919,896	78,506,274	122,483,956
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Statement of Cash Flows All Figures in US\$ FY Ending December 31,	2Q08	3Q08	4Q08	1Q09
Cash flows from operating activities:				
Net loss	(2,454,308)	(4,414,367)	(4,246,478)	(2,945,549)
Add (deduct) items not involving cash:				
Future income tax recovery	(372,103)	479,868	653	(200,649)
Stock based compensation	1,219,280	439,579	456,500	513,000
Depreciation and amortization	443,733	451,663	538,098	541,611
Gain on sale	(778,405)	-	-	-
Write down of property, plant and equipment	-	-	1,941,422	-
Unrealized foreign exchange (gain)	-	-	(127,941)	-
Total	(1,941,803)	(3,043,257)	(1,437,746)	(2,091,587)
Change in non-cash working capital				
Change in non-cash working capital	(462,388)	609,860	(1,051,123)	(383,613)
Change in deferred revenue	77,395	165,388	360,539	(765,564)
Cash provided by (used in) operating activities	(2,326,796)	(2,268,009)	(2,128,330)	(3,240,764)
Cash flows from financing activities:				
Issue of share capital, net	43,487,450	112,165	(1)	-
Change in non-cash working capital	64,855	-	-	-
Cash provided by (used in) financing activities	43,552,305	112,165	(1)	-
Cash flows from investing activities:				
Restricted cash	(509,300)	-	-	-
Acquisition of property, plant and equipment	(4,876,436)	(4,605,966)	(1,738,564)	(701,917)
Acquisition and assessment of resource properties	(341,340)	(431,824)	(266,561)	(60,346)
Proceeds on sale of resource property	1,000,000	-	-	-
Intangible assets	(299,930)	(412,575)	(820,727)	(646,176)
Deferred costs	(376,499)	-	1,352,712	-
Change in non-cash working capital	(481,355)	543,101	(811,422)	526,795
Cash provided by (used in) investing activities	(5,884,860)	(4,907,264)	(2,284,562)	(881,644)
Cash flow from operating, investing and financing activities				
Cash flow from operating, investing and financing activities	35,340,649	(7,063,108)	(4,412,893)	(4,122,408)
Effect of translation on foreign currency cash	8,003	18,525	71,864	(86,321)
Increase in cash and cash equivalents	35,348,652	(7,044,583)	(4,341,029)	(4,208,729)
Cash and cash equivalents, beginning of year	27,289,536	62,638,188	55,593,605	51,252,576
Cash and cash equivalents, end of year	62,638,188	55,593,605	51,252,576	47,043,847
Cash and cash equivalents consists of:				
Term deposits	62,107,733	55,266,418	50,986,946	46,708,286
Cash	530,455	327,187	265,630	335,561
Cash and cash equivalents, end of year	62,638,188	55,593,605	51,252,576	47,043,847



Alter NRG Corp. (TSX:NRG; OTCQX:ARNGF)

FINANCIAL STATEMENTS

INITIAL REPORT

Statement of Cash Flows All Figures in US\$ FY Ending December 31,	FY06	FY07	FY08
Cash flows from operating activities:			
Net loss	(1,657,891)	(11,516,543)	(12,924,286)
Add (deduct) items not involving cash:			
Future income tax recovery	-	(572,882)	(227,982)
Stock based compensation	290,253	1,410,722	2,526,434
Amortization of deferred compensation	-	5,284,620	-
Depreciation and amortization	13,568	1,128,814	1,833,069
Gain on sale	-	-	(778,405)
Write down of property, plant and equipment	-	-	1,941,422
Unrealized foreign exchange (gain)	-	-	(127,941)
Write down of resource property	-	50,759	-
Total	(1,354,070)	(4,214,510)	(7,757,689)
Change in non-cash working capital	409,332	(117,931)	(1,397,758)
Change in deferred revenue	-	63,850	1,236,028
Cash provided by (used in) operating activities	(944,738)	(4,268,591)	(7,919,419)
Cash flows from financing activities:			
Issue of share capital, net	12,623,817	51,794,703	43,602,314
Issue of unit capital, net	-	333,974	-
Change in non-cash working capital	10	-	-
Cash provided by (used in) financing activities	12,623,827	52,128,677	43,602,314
Cash flows from investing activities:			
Investment in technology license	(299,515)	-	-
Restricted cash	-	-	(509,300)
Acquisition of property, plant and equipment	(82,821)	(1,448,414)	(11,846,161)
Acquisition and assessment of resource properties	(1,107,325)	(537,327)	(1,406,917)
Proceeds on sale of resource property	-	-	1,000,000
Intangible assets	-	(623,397)	(1,533,232)
Deferred costs	(1,313,676)	(99,323)	-
Acquisition of subsidiary, net of cash acquired	-	(24,788,829)	-
Change in non-cash working capital	124,500	726,011	(355,131)
Cash provided by (used in) investing activities	(2,678,837)	(26,771,279)	(14,650,741)
Cash flow from operating, investing and financing activities	9,000,252	21,088,807	21,032,154
Effect of translation on foreign currency cash	-	3,424	127,939
Increase in cash and cash equivalents	9,000,252	21,092,231	21,160,093
Cash and cash equivalents, beginning of year	-	9,000,252	30,092,483
Cash and cash equivalents, end of year	9,000,252	30,092,483	51,252,576
Cash and cash equivalents consists of:			
Term deposits	4,500,000	30,026,494	50,986,946
Cash	4,500,252	65,989	265,630
Cash and cash equivalents, end of year	9,000,252	30,092,483	51,252,576

DISCLOSURES

The analysts contributing to this report do not hold any shares of Alter NRG Corporation. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. RedChip certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. As such, the report should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed herein are subject to change. Alter NRG Corp. paid RedChip Visibility a fee of thirty-six thousand dollars for the RedChip Visibility Research Program, which includes the preparation and distribution of this report. RedChip Companies, Inc., employees and affiliates may have positions and affect transactions in the securities or options of the issuers mentioned herein.