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OPERATOR: Good morning. My name is Jessica and I'll be your conference operator today. At this time I'd like to welcome everyone to the Alterra Power Corp. yearend results conference call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. If you would like to ask a question during this time, simply press * then the number 1 on your telephone keypad. If you would like to withdraw your question, press the # key. Thank you.

Ross Beaty, Chairman of Alterra Power Corp., you may begin your conference.

ROSS BEATY (Chairman, Alterra Power Corp.): Thank you very much, Operator, and good morning, ladies and gentlemen. Thank you for joining us this morning.

With me this morning from Alterra Power are John Carson, our CEO; Bruce Ripley, our COO; and Peter Wong, our CFO. In addition, we have Donald McInnes, our Executive Vice Chairman, also on the line, along with several of our other senior team in Vancouver and Nevada and Iceland.

I will start with some opening comments, and all three of my colleagues will comment on our financial and operating results and future prospects. And we will then open the call to questions, so I hope we can answer as many as possible during these comments.



I would like to remind listeners that we seek safe harbour in our forward-looking statements, and that actual results may differ materially from those predicted in these comments today. Details of our cautionary language and our forward-looking statements can be found in our news release today and... our news release issued on Friday, I should say, and our other disclosure.

My first comment today is to say how pleased I am to have completed the three transactions this past year that have profoundly added value to our business. Firstly, increase in our stake in HS Orka in Iceland to nearly 100 per cent. Secondly, selling down a 25-per-cent interest in HS Orka to a tremendous group of Icelandic pension funds who will add so much value to that business on a long-term basis. And thirdly, merging with Plutonic Power to create Alterra Power in May.

We are today a large operating company with more than \$1.1 billion in total assets, including six power plants with a capacity of 571 megawatts of clean wind, hydro and geothermal power, of which 315 are attributable to us.

As from July 1st we expect annual revenues of more than \$100 million, EBITDA of more than \$50 million, and clean power generation of about 1,571 gigawatt hours per year. And that's enough power to supply the residential demand of a city the size of Vancouver with zero carbon renewable electricity.

I am really proud that we have been able to build this large diversified base of predictable essentially permanent revenue and cash flow in only three years of existence. And needless to say I look forward to the future with great optimism.

Unfortunately for anyone reading our results today, our financials and MD&A are pretty messy. We have the normal non-cash derivative and mark-to-market accounting complications from our HS Orka business in Iceland. We have the acquisition accounting complications due to the incremental HS Orka share increases, and then divestments done during Q4 that resulted in us owning a clean 75-per-cent interest as at June 30th. And of course we have the accounting complications that arose from our merger with Plutonic in May.



I'm going to leave it to Peter Wong, our CFO, to explain the most important accounting results. But I want to stress that as of July 1, we should have a much simpler set of accounts for our shareholders and analysts to follow that more simply reflect our strong balance sheet and income statement.

Another current issue I want to discuss right upfront is our share price weakness last week. Unfortunately we were removed from the TSX Small Cap Index without warning last Monday since our share of trading volumes were below the trigger amounts that we have to meet to stay on the index. We didn't miss by much, but when we were removed some index funds and ETFs that held us were forced to sell during the week into a pretty twitchy market generally. The result of this program selling was that our share price declined by 20 per cent to a low of \$0.53. Much of this drop was in the last few minutes of trading on Friday.

Needless to say there was nothing corporate that accounted for the weakness. On the contrary, our operations are running like clockwork today, our growth projects are proceeding well, and we have a strong cash position and balance sheet as you can see today.

So we represent great value. In fact, just the same value we had when we traded at \$1.20 per share when we did the Plutonic deal earlier this year. As an example, I'd point out that we just sold in the last quarter a 25-per-cent equity interest in HS Orka for \$70 million in cash. This value's the remaining 75-per-cent interest alone at \$210 million. So our market capitalization today of \$239 million is almost entirely covered by the equity value of HS Orka, leaving all of our other assets being valued at close to zero, including the hydro and wind assets, great assets, producing assets we got through the Plutonic deal. This represents deep value by any measure. And it's pretty frustrating for all of us that equity markets have so little interest today in clean power companies that are focused on growth.

I am convinced that our value proposition of providing solid assets and clean energy generation, growing cash flow, a strong balance sheet, great growth and strong management is a winning proposition that will reward shareholders over the long term.

We represent a great defensive stock position to any conservative investor wanting a predictable base of strong and growing cash flows supported by safe and long-term contracts or for that matter any investor wanting to hedge against the volatility of commodity stocks.



One comment about geothermal as well. You will see emphasis today on all three clean energy sectors we are now involved with. But I want to stress we are not moving away from geothermal. On the contrary, we added important new concessions in Peru and Italy during the fourth quarter. These are large, high-temperature fields that offer very large base-load power potential. We winnowed out some of our lower-potential, medium-temperature properties in Nevada, and we are seeking partners on some of our concessions in order to offset some of the drilling risks that exist in the business.

As John will describe, we came very close in Chile to completing a joint venture on our Maule project in August that would have seen \$30 to \$50 million in third-party funding there. It went away, but we hope to advance discussions with a new party now.

Geothermal has taken some hits this year with investors due to some well publicized problems with a couple of junior TSX geothermal companies. What investors don't see is all the success other companies... other geothermal companies are having. These could be large utilities. These could be private companies. These are typically foreign companies. Investors in Canada, though, and the United States typically don't see the success these companies are having in New Zealand, the Philippines, Turkey and Indonesia, to name a few examples, where the industry is simply booming. This is a great long-term business providing low-cost, base-load power that shouldn't need incentives to make it work. And Alterra is a leader in it. It's a position we intend to stay in.

Now that we have a substantial cash generation capacity based on our operating plants in Iceland, Nevada and B.C., we have received many questions about when we will start paying a dividend. And the answer is: as soon as we can and as large as we can. But we can't access dividends in Iceland for a while as we intend to fund our profound growth opportunities there with internal cash flow for several more years to come. And we won't get distributions from our partnerships in B.C. until December at the earliest, as these plants have just started operating, and immediate cash flow is building up debt service reserve accounts and so on. But we do expect to be getting distributions soon, and will then have the debate about how much to return to shareholders through dividends, and how much to use on our growth projects. I just can't wait to pay a dividend, and we do see one coming on the horizon.



Okay, I'd like to get into the details now, and would like to introduce John Carson, our new CEO, who will take us through things. Before he starts though, let me say how pleased I am that he has taken this role. I have wanted to split the CEO and Chairman role for some time, for good corporate governance and because we have grown so quickly and simply need somebody with John's talents at the helm of our day-to-day business. He has much superior financial talent to me, and this business is all about finance. And he's a great team player and company builder. John's long background in renewable energy finance with some of the largest players in the industry will serve us well and provide an excellent offset to my skills and those of the rest of our management team. I am not going anywhere, and I plan to continue to dedicate myself to this company well into the future.

So with those preliminary comments, I'd like to turn the call over to you, John. John Carson.

JOHN CARSON (Chief Executive Officer, Alterra Power Corp.): Thanks for that, Ross. And I'll say on a personal note I'm very happy to be a part of this team, and I do think that we have the building blocks here to be a major value creator in the renewable power industry.

I'm going to talk more about Alterra's growth plans, but first I'd like to turn it over to our CFO, Peter Wong, to discuss our just released annual financial results. Peter, over to you.

PETER WONG (Chief Financial Officer, Alterra Power Corp.): Thank you, John. Good morning or good afternoon to everyone on line.

All my numbers are in U.S. dollars.

So Alterra's consolidated financial statements for the fiscal year ended June 30th, 2011 was significantly changed from the previous year and from the third quarter, primarily because of the growth experienced by the company in the HS Orka and Plutonic acquisitions. So previous period comparisons will have limited meaning. So I will primarily focus on the fourth quarter of 2011 and the fiscal year of 2011 results. I'd like to begin my summarizing the impact of the HS Orka and Plutonic acquisitions.

First of all, our ownership in HS Orka is basically split into two periods, reflecting our financials. For the first one-and-a-half months of the year, of the fiscal year, Alterra owned 46 per cent of HS Orka, and equity accounted for that investment. In this statement of operations, we showed our share of equity income



as \$8.3 million for that period. On August 17th, 2010 Alterra acquired a controlling interest in HS Orka, and from that point forward we began to consolidate the accounts of HS Orka. As a result, our statement of operations include approximately 10.5 months of HS Orka's operating results.

On May 13th, 2011 Magma's merger with Plutonic Power was completed, and Alterra has since consolidated the accounts of Plutonic Power, reflecting its 100-per-cent ownership. As a result, beginning on May 13th, 2011, our statement of operations includes a 40-per-cent proportionate share of the Toba Montrose hydro facility results, and a 51-per-cent share of Dokie Wind facility results or approximately one-and-a-half months of operating results on those facilities in the fourth quarter of 2011.

Now on EBITDA. Alterra's EBITDA for the fourth quarter of 2011 was half a million dollars. But to be clear, this number conservatively includes several non-cash and non-recurring items. First, in the fourth quarter, the business took a long look at some of the longer-term development assets, and decided after a good amount of research and consideration that these properties were no longer valuable development assets. So we were (inaudible) less reliable geothermal and hydro projects, mostly geothermal, and that non-recurring, non-cash write off of \$4.4 million was included in that quarter's EBITDA.

Our EBITDA for the period also included two of our non-recurring costs. These increased approximately \$3 million in transaction costs for the Plutonic Power acquisition, and \$1.1 million for the Norðurál arbitration case.

So to be clear, if we had excluded the one-time write-off for the non-viable geothermal properties, and also excluded the two non-recurring, one-time costs, our EBITDA for the fourth quarter would have been \$9 million. So further, as mentioned earlier, we had only included one-and-a-half months of results from the Toba Montrose and Dokie wind facilities. So even with these adjustments, we would still be below our run rate EBITDA for that quarter.

Alterra's consolidated EBITDA for the fiscal year 2011 was \$12.7 million compared to a negative EBITDA of \$6.8 million in 2010, reflecting an increase of \$19.5 million of EBITDA.

Now moving on to revenue. Alterra reported \$25.4 million of consolidated revenues for the fourth quarter of 2011. This consisted of \$16.2 million of revenue from HS Orka; \$6.4 million of revenue from the



Toba Montrose hydro facility, reflecting its inclusion for half the quarter; \$1.6 million of revenue from Dokie Wind, also reflecting half the quarter; and \$1.2 million of revenue from our Soda Lake operations.

So for the fiscal year 2011 Alterra reported consolidated revenues of \$70.8 million. This consisted of \$57.5 million of revenue from HS Orka, from 10.5 months of inclusion; \$6.4 million of revenue from Toba Montrose, from 1.5 months of inclusion; \$1.6 million of revenue from Dokie Wind, from 1.5 months of inclusion; and \$5.3 million of revenue from our Soda Lake operations.

Now moving on to net loss. The company's operations recorded a net loss of \$17.1 million in fiscal year 2011 of which our share was \$14.2 million compared to a net loss of \$16.4 million in 2010. Our gross profit from operations was \$23.7 million compared to \$0.4 million in the comparative year, an increase of \$23.3 million.

Our gross profit in 2011 was offset by a number of expenses. Higher G&A increased with the addition of HS Orka, Toba Montrose and Dokie, and with an expanded management team and staff; higher professional fees relating to the Plutonic transaction in the Norðurál arbitration case; the previously mentioned one-time write-off of certain geothermal and hydro development properties; a non-cash change in the sale value of derivatives and long-term debt related to movement in the price of aluminum during the period; higher interest expense on Toba Montrose and Dokie debt and our Icelandic debt as well; a non-cash loss of \$9.8 million associated with our acquisition of further interest in HS Orka, which solely reflects a basis adjustment on our previous holding in light of the last price paid; and a non-cash future income tax expense of \$6 million. This was offset by equity income of \$8.3 million earned for the first month-and-a-half of our fiscal year when we had an equity interest in HS Orka.

Now moving on to financial position. Alterra ended the fiscal year with a healthy \$73.7 million in cash compared to \$25.3 million at the end of fiscal year 2010. The increase of \$48.4 million was due primarily to the addition of the HS Orka cash plus our proportionate share of Toba Montrose and Dokie Wind cash totalling \$17.2 million at June 30th, 2011. The sale of 25 per cent in HS Orka to a group of Icelandic pension funds was \$70 million, offset by a net \$60 million of earlier cash invested to obtain the interest. Net proceeds



of \$11 million from the sale of bonds in HS Orka and cash flow from operations offset by admin and development costs.

So in summary, we now have a very healthy balance sheet and substantial projected income from our assets. So over the next 12 months we expect to receive from our projects over \$100 million of revenue and over \$50 million of EBITDA.

So those are the highlights from our financials. And with that, John, I turn it back over to you.

JOHN CARSON: Thanks for that, Peter.

I'd now like to turn it over to our Chief Operating Officer, Bruce Ripley, to outline where we are with our power plant operations and how each of our assets is currently performing. Bruce?

BRUCE RIPLEY (Chief Operating Officer, Alterra Power Corp.): Thank you and good morning.

In Iceland we have a 75-per-cent interest in HS Orka, which owns and operates the 100-megawatt Reykjanes geothermal plant and the 75-megawatt Svartsengi geothermal plant. The Svartsengi plant also has 150 thermal megawatt hot water capacity.

From July of 2010 through June of 2011 Reykjanes produced 796 gigawatt hours and Svartsengi produced 449 gigawatt hours, which was approximately 100 per cent of planned generation. From July through August of 2011 the HS Orka plants produced 197 gigawatts, equivalent to 102 per cent of plan. Of note is the early completion of the major overhaul of the 50-megawatt Reykjanes unit one turbine generator in early September.

In Nevada we have 100-per-cent interest in the 16-megawatt Soda Lake geothermal plant. From July 2010 through June 2011 Soda Lake produced 73 gigawatt hours. From July through August 2011 Soda Lake generated 10 gigawatt hours, which is 94 per cent of plan, with the variance primarily due to high ambient temperatures, which decreases plant efficiency. With cooler temperatures upcoming, Soda Lake production will soon return to plan. Of note is ongoing temperature gradient drilling program adjacent to our Soda Lake plant with one hole nearing completion, and our goal of identifying additional geothermal resources for Soda Lake.

In B.C. we have a 51-per-cent interest in the 144-megawatt Dokie Wind plant. Commercial operation at Dokie started in mid-February 2011. From mid-February through June of 2011 Dokie produced 76 gigawatt hours. This generation was 71 per cent of plan for that period with the variance primarily due to low wind conditions. From July through August of 2011 Dokie produced 54 gigawatt hours, equivalent to 125 per cent of plan due to favourable wind conditions. Of note is the ongoing annual maintenance inspections being performed by Vestas, who supplied and serviced the wind turbines.

Also in B.C. we have a 40-per-cent interest in the Toba Montrose 235-megawatt hydro plant. Commercial operation at Toba Montrose started in late May 2010. From November 2010 through June 2011 Toba Montrose produced 215 gigawatt hours. This generation was 77 per cent of plan with the variance primarily due to low winter and spring temperatures resulting in low runoff. From July through August 2011 Toba Montrose produced 298 gigawatt hours, equivalent to 99 per cent of budget due to favourable runoff. Of note is the high turbine generator availability during the 2011 high runoff period from mid-May to mid-September.

For all of the Alterra plants in Iceland, Nevada and B.C., operating costs in 2011 have been approximately at or below plan. Overall in the five months since Alterra was formed, our operations teams at our six plants have made great progress in integrating as one larger operations team. I feel very confident in the technical, commercial and leadership skills of our senior managers and supervisors at each of our plants. Our operations priorities will continue to be the safety of our employees, contractors and the public, taking care of the environment, ensuring the health and reliability of our assets, and maximizing revenue while minimizing costs.

Thanks, John.

JOHN CARSON: Thanks, Bruce. And I echo that confidence you just mentioned.

With that, I'd like to make some comments about our plans for growth. Since we completed our merger with Plutonic, we've consolidated our teams and offices in Vancouver, and we've already achieved about 70 per cent of our intended synergies. Culturally, it's been a good transition and our former Magma and Plutonic staff are now working closely together. Second, we have a very deliberate strategic focus. In May,



immediately after the merger, we prepared a detailed six-month company budget to take us to the end of calendar 2011. We are on track with that budget, and we are now preparing our 2012 budget. And our continued mission will be to be a leader in the renewable power generation space.

With that I'd like to discuss Alterra's near-term growth strategy in some detail. First, we will continue to advance our existing portfolio of greenfield projects. We expand all four major clean technologies. We currently size this portfolio at just over 500 megawatts of real opportunities, and roughly the same mix of hydro, wind and geothermal as we operate and own today.

Second, we expect to continue to grow as a result of carefully considered acquisitions of clean power assets or in some instances clean power companies, much as we did earlier this year with the acquisition of Plutonic Power. Right now we're seeing a significant amount of deal flow from junior developers and others across clean power technologies. If and when we follow through on any of these opportunities, we intend to do so via accretive, non-diluting transactions. And if the opportunity is a cash opportunity, depending on the size, we may use partners, similar to the partnership arrangements we have with GEEFS on some of our projects. Or we may structure acquisitions via milestone payments, thus putting minimal capital at risk.

So now let's look first at hydro. Our feature hydro development asset is the Upper Toba Valley project. It's a well-situated run of river project, very close in proximity to our existing Toba Montrose facility. We currently project Upper Toba Valley at 124 megawatts in generation capacity. Upper Toba already has a 40-year power purchase agreement in place with B.C. Hydro. And the project will require no new transmission lines because it will use the same lines currently used by Toba Montrose. Right now we're completing our hydrological and financial analysis for the asset, and hope to advance this project actively through 2012.

Longer term, we have other potentially very large hydro assets that are not included in that 500-megawatt near-term portfolio. These assets are also in our backyard in British Columbia, and they include a grouping of resources in close proximity at Bute Inlet, as well as the Fir Point pumped-storage project. These are potentially very large opportunities of 1,000 megawatts or more. Current work on these projects includes collection of hydrological data and furthering agreements with our First Nations partners.



We reached a milestone in July with the signing of an agreement with the Homalco First Nation, which opens the door to our further development at the Bute Inlet resources.

In Iceland we also continue with early-stage development of the Skaftá River project, which is a projected 140-megawatt hydro facility that is at least five years away.

Let's turn to wind where our featured development asset is the expansion opportunity adjacent to our Dokie Wind facility. We've been active in selecting technology there to match the wind resource. And though we already have several good years of data, we also regionally decided to supplement that data through the installation of several new meteorological towers to measure wind on additional ridges there. Our most recent data has proven positive when paired with well-proven technologies. We're currently targeting the Dokie 2 project at over 150 megawatts total capacity, and this would essentially double our wind generation from the current 144 megawatts at Dokie wind facility.

On the geothermal side, our premier near-term opportunity is an 80-megawatt expansion at our Reykjanes plant in Iceland. Last week the expansion project received its government-issued operating permit, and we are now working at negotiating our PPA, putting together the debt facility and further drilling, all of which have to occur prior to commencement of operations.

We've recently been involved with Norðurál in an arbitration concerning a disputed, expired PPA, which should be ruled on later this fall. As concern of the Icelandic project debt market, we see several positive initial indications of a placement of project debt.

As a reminder, close to \$50 million of equity has already been spent on this project, which provided for a number of drill holes and full payment for our 50-megawatt Fuji turbine, which is already on the site. Also, note that 30 megawatts of this project requires no drilling since it will be powered from available steam at the site that's not currently being used.

I might also point out that the team that built the original Reykjanes plant in 2006 is almost entirely intact and is available to see this project through its development and construction.

So moving to South America, our featured geothermal development asset there remains the Maule project or Mariposa, which has a 320-megawatt inferred resource. As Ross mentioned before, we've intended

to bring in an equity partner, and have been in negotiations with one for some time. In the fourth quarter, however, negotiations ended with that partner with whom we'd been negotiating for over eight months. Subsequent to this we are now recommencing our search process for an equity partner.

And lastly, turning to solar, in our growth plans we expect to close our option to become a partner in the 50-megawatt ABW Solar project in Ontario in 2012. Upon the exercise of this option, Alterra would be the operational and managing partner, and this would be our third Canadian venture with GE Energy Financial Services.

So that's our growth plan and overview for fiscal 2012. And as Ross indicated, we believe we have a solid value proposition today, and that we're well positioned to execute our future growth plans with this management team and our strong balance sheet and our tight strategic focus.

Ross, with that, I turn it back over to you.

ROSS BEATY: Thanks very much, John. That was a good summary.

I think I'll now end our comments and open the call to questions. Just to sum up, following along with what John said, we had a strong second year as a public company since we went public in July of 2009. We're now a sustainable clean energy business with large diverse operations in wind, hydro and geothermal power, and a strong balance sheet capable of supporting new growth and a dividend in the near future.

We are hard at work continuing to build up our assets, and despite current share price weakness, believe we have a compelling value proposition for our shareholders that will be demonstrated further in the future.

I want to thank all of our supporters in the past year, including our stockholders, our employees, and all our other stakeholders for their help in building our enterprise and hope that our future growth will be as successful as our past.

On that note I would like to please open the call to questions, Operator, and I look forward to having myself or any one of our team present today being able to answer them as fully as possible, recognizing that some questions might be difficult and we'll just have to go... provide detailed answers later on.

OPERATOR: At this time I would like to remind everyone in order to ask a question, press * then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Jeremy with National Bank Financial. Your line is open.

JEREMY MERSEREAU: Good morning, everyone. Just wondering if I could get a little bit more information on your loan covenants in the HS Orka debt? Wondering if you could give us just anything more than what's provided in the MD&A?

ROSS BEATY: Okay. We'll try to do that quickly, and John or Peter, which one of you want to tackle that question?

JOHN CARSON: Yeah, we'll let Peter start that. We may both tag in. Peter, go ahead.

PETER WONG: Sure. We did receive a waiver for one of our covenants in 2011. So as of today the company is actually in... is not in breach of any of its covenants. And what we plan to do as well is we're currently in discussions with our lenders to clarify the definition of interest expense, which is mentioned in our financial statements, to exclude the change in indexation. We expect those conversations, discussions to be completed in the next few months, and we don't anticipate any issues in the next... moving forward.

JOHN CARSON: Yeah. We hope to...

PETER WONG: Yeah.

JOHN CARSON: ... just have a very positive report soon for you.

PETER WONG: Yeah.

JOHN CARSON: Peter just actually got done with face-to-face negotiations with these lenders, so there will be further clarity to follow on as we kind of finish renegotiation of our... resetting of our terms.

JEREMY MERSEREAU: Okay. So that'll be provided when we get it as opposed to the next time you report, do you figure?

JOHN CARSON: We may issue a news release at the time that that is finally crystallized, direct.

JEREMY MERSEREAU: Okay, great. And I noticed you had some REC sales. Just wondering if you can comment on maybe what was sold and how the market is doing right now?

ROSS BEATY: Go ahead, John. Or Peter.

JOHN CARSON: I think you're talking about the Nevada...

JEREMY MERSEREAU: Yeah.

JOHN CARSON: ... Soda Lake rec sales, is that correct?

JEREMY MERSEREAU: Yes.

JOHN CARSON: Yeah. Monte Morrison, who actually runs our U.S. plant down there, has the closest eye on that market. Monte, if all right, I'll let you speak to where the REC market is today and what we've sold there recently.

MONTE MORRISON (Country Manager, Alterra U.S.): Certainly. We had made a sale in the fiscal year ending June 30, and the market had been up about 40 per cent over where we had been in previous years. This was the green tags for the energy that was produced in operating the facility, what we would call our parasitic load or our house load.

As far as exact price, we were not... we're not able to disclose that at this point, but the market has been up a bit in order for the buyers to be able to meet their requirement under the renewable portfolio standard here in Nevada.

JEREMY MERSEREAU: Okay. And maybe... how many... how many kilowatt hours or tonnes, I guess, did you sell?

MONTE MORRISON: Typically in a year we generate about 32 to 34,000 megawatt hours of parasitic load that we generate. And during that year I believe we sold... it was on the order of about... I think it was about 48,000 megawatt hours. I'd have to get the exact number for you if we wanted to deal with that on a follow-up question.

JEREMY MERSEREAU: Okay. And next, this is more of a housekeeping, when did you receive that 5 million DOE grant? Is it part of your cash balance in the financial statements? You might have touched on this in the opening remarks. I didn't catch it.

JOHN CARSON: Yeah. This is John. Let me tackle that. There's a couple of different sets of funds that we get from the DOE. And just to make sure that we're talking about the same thing, not all of those have

come in yet. I assume that you... I would have thinking you were referring to a treasury grant, which may be different from a DOE grant. Our DOE grants have totalled what, Monte, approximately?

MONTE MORRISON: Well, we have received two separate eligibility grants of \$5 million each. But we have only redeemed a portion of those for Soda Lake for our McCoy project. We have not redeemed them for their total value at all. The exact amounts are well under a million dollars at McCoy, and at about that amount for Soda Lake. That's again approximate; I'd have to look at the exact amounts as of this... end of fiscal year.

ROSS BEATY: So Jeremy, those are grants that would be cost-sharing grants. As we spend money we get a reimbursement of funds that are used to drill, for example, and do geophysics. And then that is separate from the treasury grant rebate that we have for our expansion project at Soda Lake where we will be getting between 10 and 30 per cent of the eligible expenditures. It looks more like the 10 per cent at this point in time, but we're still... we just are making the application now. But it's... that's going to bring back at least \$2 million in a cash grant and we have not seen any of that yet.

JEREMY MERSEREAU: Okay. And just speaking of Soda Lake then, when do you see yourself placing debt on that asset?

ROSS BEATY: We have no current plans at all to place debt on the asset. We want to finish the expansion as much as we can. We're still drilling holes out there. We're still trying to add more... more power to the plant. The plant has spare capacity. We'd like to fill it up as much as we can, and really determine the organic... the best organic size of that Soda Lake geothermal field. Once we've done all of that, funded through equity, we would consider layering on some debt.

JEREMY MERSEREAU: Okay. Great. Thank you.

OPERATOR: Your next question comes from the line of Gus with Mirabaud Securities. Your line is open.

GUS HOCHSCHILD: Great. Thank you very much. A question, if I may, I expect is really for Peter is with regard to the bonds. I'm a little bit confused, obviously because the revaluation of those. What I'm trying to get a handle on is the split between HS Orka's existing bonds and then the bonds that Magma took out to

fund the acquisition. So if I take the – I'm looking at page 32 of the results – so that 1-1-5 million, how should I split... what would that have been at the end of the year? And then how should I split that between the Orka and Magma portions?

PETER WONG: So that \$115 million bond is Alterra's bond that we used to purchase part of HS Orka. Just to sort of recap: we have our share of the Toba Montrose debt is \$195 million based on our 40-per-cent proportionate share. The Dokie debt, our 51-proportionate share is \$97 million, approximately, give or take a million. HS Orka, the debt there is \$175 million. And if you only take 75 per cent of that, that's \$115 million. Actually that... what is that number? I don't have it handy. But it would be 75 per cent of that number.

GUS HOCHSCHILD: Okay.

PETER WONG: So counting that, our total debt would be \$538, approximately.

GUS HOCHSCHILD: So then... so just to recap the 115 is all... is for all for Alterra's account?

PETER WONG: That's correct.

GUS HOCHSCHILD: Splendid. Okay. Thank you very much.

PETER WONG: You're welcome.

ROSS BEATY: Thank you very much, Gus.

OPERATOR: Your next question comes from the line of John with Jacob Securities. Your line is open.

JOHN MCILVEEN: Yes, good morning. I just want to get some clarity on the next quarter, which will be under IFRS. Will we be seeing equity accounting for Dokie and Toba?

PETER WONG: Yes. With the adoption of IFRS we're going to adopt... Two changes will happen. Toba and Dokie will be equity accounted instead of being proportionately consolidated. So there's no net impact to the bottom line in our statement of operations. So the results of Toba and Dokie will be netted as a single line item instead of being itemized. But what we'll do is we'll provide you with relevant information in the notes to bring you back to where we would be if we were proportionately consolidating.

JOHN MCILVEEN: So will Orka then be still 100 per cent showing a minority interest or that will be 75-per-cent proportional consolidated?

PETER WONG: HS Orka will continue to be fully consolidated and will continue reflecting the 25-per-cent minority interest as a single line item at the bottom of the statement of operations.

JOHN MCILVEEN: Okay. If I relate this back to guidance revenue of \$100 million EBITDA \$50 million...

PETER WONG: Huh-huh?

JOHN MCILVEEN: ... is that gross numbers? Like before you take your share?

ROSS BEATY: No, John. Those are... that is our proportional share, and that will come through in the disclosure... MD&A disclosure to any financial statements we put out. And we will be segregating each of those for the different operations.

JOHN CARSON: Right. And just to be clear, there's no consolidation effect for HS Orka in either of those numbers. That would reflect our 75-per-cent share, even though we consolidate in our financials.

JOHN MCILVEEN: So these would be the 75, 51, and 40 then.

ROSS BEATY: That's correct, John.

JOHN MCILVEEN: And that would get me to 150?

JOHN CARSON: Yes.

JOHN MCILVEEN: Okay. Thank you very much.

OPERATOR: Your next question comes from the line of Jarrett with Canaccord Genuity. Your line is open.

JARRETT ALEXANDER: Good morning, everyone. Just a couple of quick questions. I was wondering, with respect to the PPA arbitration and the Plutonic merger costs, are there any significant costs remaining on either of those files in the coming quarters?

ROSS BEATY: Not on the Magma... Magma-Plutonic merger. There will be... there will be some costs, and I don't have a number for you, there will be some costs until the decision is rendered, costs for the three arbitrators who are deciding the matter right now. The main costs where you had a proper hearing for four or five days in Iceland were for the battalions of lawyers who are involved in both sides. And those costs

are behind us now. So it's really just going to be the three arbitrators and what their costs are while they're considering the matter.

JARRETT ALEXANDER: Great. Thank you. And then my other question would be, I believe one of the Norðurál PPAs expires in this coming October. I'm just wondering if we should be expecting a material change in the revenue in Iceland from that?

ROSS BEATY: Right. And the answer to that is no. We have... we'll be bringing that back into our own ability to sell that power to the retail market, and the wholesale market in Iceland, apart from the smelter. It's 35 megawatts, and we have two years upon which we're going to be selling it in retail amount. And what we've concluded from the current power market in Iceland and our ability to sell at a much, much higher prices, don't forget, than we were selling it before to the smelter is that the... for the next two years it'll be approximately revenue neutral, and then after that we have two years where we've contracted with Iceland Silica, to the new silica plant being built in Iceland, to supply it to them, again for significantly higher prices than we were selling it to the smelter for. So again we expect either revenue neutral or actually improved revenue coming from that 35 megawatts of power.

JARRETT ALEXANDER: Okay. Great. Thank you very much.

ROSS BEATY: Thanks, Jarrett.

OPERATOR: Your next question comes from the line of Susan with Mackie Research Capital. Your line is open.

SUSAN CHENG: Good day. I'm calling on behalf of Matt Gowing. We got a few questions for you. To start off with, the tribunal conclusion to the arbitration with Norðurál, it said that in the MD&A to occur by the end of October. Is it likely that this decision will be press released by then as well?

ROSS BEATY: Oh, certainly. It'll be announced as soon as we receive it. Absolutely.

SUSAN CHENG: Okay. And can you provide specifics as to why it was decided that the eight geothermal properties in the U.S. were written off? What was the impairment test and what metrics were used during... sorry, were found during your tests?

ROSS BEATY: Okay. Well it wasn't too terribly scientific, quite frankly. It was an assessment of all of our geothermal properties in Nevada. We have quite a portfolio in Nevada, and every year these require to be... these require expenditures to hold them. And the expenditures relate to how big they are, how many acres they are. And we looked at the... we looked at all of the work we've done on them so far. We've done exploration on all of our holdings in Nevada. And we simply had to winnow them out because we were looking at quite a significant holding cost. And we wanted to separate the wheat from the chaff. The exploration we've done on the good ones we're going to keep. The exploration results that didn't look too promising we just decided to drop.

So it was a matter of trying to improve the quality of our land position and our geothermal properties, go after the fields that are higher temperature, better power production potential, and drop the ones that had less potential.

Or in a couple of cases, we had some issues with respect to environmental work that would have had to be done that would have been very difficult, and even though they had potential, it just... it just made it look like it was a tough proposition and when you have a significant holding cost, it makes it fairly easy to drop when you're looking at winnowing out the good from the not so good. And that's the process we followed.

SUSAN CHENG: Okay, fair enough. For the expansion in Iceland, tests for the RN-30 wells that have been drilled are said to be ongoing. When do you expect to announce the results of these tests, and how many megawatts do you believe this well will provide?

ROSS BEATY: We expect to have results from RN-30 available for the Q1... by Q1, which will be announced sometime in November. And we'll leave it to them to determine exactly what the hole's capable of.

SUSAN CHENG: Okay. So do you have any idea how many additional wells would be on the RN-30 will be need... to be drilled... to be...?

ROSS BEATY: Yes. For development of the 50 megawatt Phase III at Reykjanes, we will need to drill, in addition to the ones we've already got drilled, I think somewhere between five and 10 holes. Now this all depends on how good each hole is. If we have... if we have three 10-megawatt holes, we won't need to

drill 10 holes. If we have three 5-megawatt holes we'll have to drill six holes because we need to find about another 30 or so megawatts of power by drilling before we can hook up the field to the turbine.

And that's all going to be part of the development of that phase of Reykjanes expansion. That's part and parcel of the whole development of the project.

SUSAN CHENG: Okay. At the Maule concession in Chile, is it more than likely that you'll partner with someone to share the next phase of exploration costs or advance this project on your own? And when do you think that decision will be made or announced?

ROSS BEATY: Okay, so we've said clearly today we were marching along very well with a fabulous partner in Chile, and we just thought this was going to be a wonderful deal for everybody, for us and for them. And very last minute, as literally we were ready to sign it, it just... unfortunately the partner had some of its own issues. It's a large hydro developer or hydro company in Chile, and they just simply didn't want to go ahead with it at this time. It's possible we can get going with the same party in the future, but unfortunately all that work is for naught, and we are now looking at potentially another partner.

We like the idea of partnering a project like that for a bunch of reasons. The project is very large. It's very, very expensive. It would consume a great deal of our exploration capital. And we have a lot of other projects we'd like to put that capital. So we thought that we could dilute on the project level, but at the same time bring in a partner that would be very accretive in terms of what they could provide.

This particular company was ideal. It was a very large Chilean utility, and it had transmission facilities in the area. It had the ability to sell our power for us. It was just a terrific company, and we were very disappointed when we didn't conclude the deal.

There are other companies like that in Chile, and we are now going back to them to see if they'd be interested in partnering with Maule.

What Maule represents is a large long-term, base-load power facility in a country that is stressed for power right now. Chile power rates are high. There's a deficit of supply of power, and as a result it's quite a restrained power market. There's no fossil fuel availability in Chile, and there's a lot of environmental opposition to things like coal-fired plants.

So it's a really great place for geothermal, and Chile's full of geothermal. Maule's one of the leading projects, and we really did want to get that thing moving as quickly as possible. We did spend a lot of time, and unfortunately it was kind of dead time, as it turned out, for this partnership review. But we think it's very good business for us to do this, and we will continue to seek a partner there.

If we cannot find a partner on adequate terms, we will then look at drilling some more holes ourselves because it's all about drilling right now, developing the resource, moving it from inferred resource to a measured resource, and then into a reserve base when we've done a feasibility study. The advantage is once you develop a 50-megawatt plant on Phase I, you can then incrementally build continued expansions at a much less per-megawatt cost because you've put all your infrastructure in on the first phase. And you can also finance, to some degree, from an operating base rather than a development base.

So it's going to continue to be our strategy going forward with geothermal. It's on these early stage, fairly high-cost drilling projects to seek a partner. We'll be doing the same thing in Italy and the same thing in Peru if we can. So I would say just watch this space to the extent we're successful.

SUSAN CHENG: Okay, what's the budget for the large dam and a well drilling and slim hole drilling?

ROSS BEATY: Where?

SUSAN CHENG: In Chile?

ROSS BEATY: Right now the Maule budget for the next phase of slim holes is \$30 million and then it becomes less as you drill into the future because you're paying for an awful lot of infrastructure in that first phase.

JOHN CARSON: Yeah, Ross, I think you just misspoke on one item there. That's for large-diameter holes.

ROSS BEATY: I'm sorry. Large diameters. So we're not planning... well, the game plan, the Plan A for us at Maule was wide-diameter holes that could lead directly to steam generation into a power plant.

SUSAN CHENG: Okay. And what's the strategy to explore and develop your remaining U.S. properties? And do you have a budget for what will be spent in McCoy and the Queen properties versus remainder of calendar 2012?

ROSS BEATY: We haven't put our budget together for 2012 yet. So all we're doing right now is funding work under a 2011 budget, which – I forget. What is it, John or Peter?

JOHN CARSON: Yeah. It's less than \$500,000 at the Desert Queen and McCoy assets. And at Soda Lake the drilling that Bruce had mentioned is about \$1.2 million all in.

ROSS BEATY: \$1.2 million, which we get about...

JOHN CARSON: ... (inaudible) for the rest of the calendar year.

ROSS BEATY: Yeah. Thanks, John. And we get about half of that back at 40... 40 to 50 per cent back from the DOE grants we've already talked about.

JOHN CARSON: Correct. On each of those we get varying(?) amounts back. That's correct.

SUSAN CHENG: Okay. So no budget for 2012 yet then.

ROSS BEATY: No. We haven't set up our budget for 2012 yet.

SUSAN CHENG: Okay. Okay, great. Well that's all the questions we have.

ROSS BEATY: Thank you very much, Susan.

SUSAN CHENG: Thanks so much.

ROSS BEATY: Thank you.

OPERATOR: Again, to ask a question, please press * then the number 1 on your telephone keypad.

And we have no further questions at this time. I'll turn the call back over to the presenters.

ROSS BEATY: Thank you very much, Operator. And I think on that we'll close the call. I appreciate everybody hearing our comments today, and I hope you agree with my last comments about the excellent value proposition we make today, particularly at the share price that we're at.

I know that... well we have a blackout period from the standpoint of management, but I have to think it certainly represents deep value, and I think some of us intend to do something about that.

So with that I will end the call, and thank you again for joining us.

OPERATOR: This concludes today's conference call. You may now disconnect.
