

FINAL TRANSCRIPT

Alterra Power Corp.

Third Quarter Results

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PRESENTATION**Operator**

Good morning, ladies and gentlemen, and welcome to the Alterra Power Corp. Third Quarter Results Conference Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for a question. If anyone has any difficulties hearing the conference, please press *, 0 for Operator assistance at any time.

I would like to remind everyone that this call is being recorded on Wednesday, November 13, 2013.

I would now like to turn the conference over to Ross Beaty, Executive Chairman. Please, go ahead.

Ross Beaty — Executive Chairman, Alterra Power Corp.

Good morning, ladies and gentlemen, and thank you, for joining us today as we report on Alterra Power Corp.'s Q3 financial and operating results.

I would like to start by reminding you that we will be making some forward-looking statements today. We have a disclosure statement in our online website, which you can look at as we're going through this today, and also our news release today and our MD&A have extensive forward-looking statement language so we seek Safe Harbor on these comments.

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Joining me today in Vancouver is our senior operating and financial team led by John Carson, Chief Executive Officer; Paul Rapp, Vice President of Wind and Geothermal; Lynda Freeman, our Chief Financial Officer; Jay Sutton, Vice President of Hydro; Murray Kroeker, our Vice President of Solar and Engineering; and from Iceland on the call will be—is Ásgeir Margeirsson, who heads up our Geothermal business in Iceland through HS Orka.

We had a pretty good quarter. It was a—typically it's our best quarter and this year it was no exception. We had strong generation and decent financial and operating results.

And I'm going to ask John Carson to walk us through these with the assistance of his operating and financial team here in Vancouver. John?

John Carson — Chief Executive Officer, Alterra Power Corp.

Thanks, Ross. And let me just remind everyone, by echoing Ross, that there is website presentation at alterrapower.ca and you can't miss it on the right side. I invite you to click into the presentation. We'll be walking through that presentation in just a moment.

It has been a good quarter. We're up on generation revenue and EBITDA from the comparative quarter and very happy about that.

I'm about to turn it over to Lynda Freeman, but first I'd like to point that on the last call when we met with you, Lynda was our Interim CFO. As of October, she has now been appointed our full CFO. We're extremely happy about that and she is a great member of our team.

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With that, let's take a look at our financials which again are on our website. And, Lynda, over to you.

Lynda Freeman — Chief Financial Officer, Alterra Power Corp.

Thank you, John, and good morning to everyone. I'm going to commence my presentation with a discussion on the third quarter consolidated results of the Company. Consistent with the previous quarters of 2013, and comparative quarter ended September 30, 2012, the Company continues to consolidate 100 percent of the results of HS Orka and Soda Lake while the Company's interest in Toba Montrose and Dokie 1 are accounted for as equity investments.

New in the quarter was the acquisition of ABW Solar, a 50-megawatt solar facility in Ontario, of which the Company holds a 10 percent interest and is the managing partner. The acquisition completed in August 2013 and is accounted for as an equity investment.

One final change to the presentation of the Company's results in the period is the accounting for certain South American geothermal assets which on completion of an agreement with EDC, such assets are now recorded as equity investments. Previously, they were recorded as GSM or development costs.

For those of you that are following the presentation on our website, I refer you to Slide 4, consolidated results for the third quarter of 2013. As demonstrated and explained on the slide, revenue is up 6 percent against the comparative quarter at 14.1 million compared to 13.3 million

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due to increased generation and contractual sales at HS Orka and increased generation at Soda Lake due to an additional production well that was put in service in late 2012.

The gross profit margin decreased against the comparative quarter from 16.4 percent down to 15.8 percent due to maintenance drilling at HS Orka.

During the third quarter, the Company recognized a net equity profit of 17.9 million against a profit of 10.4 million for the same quarter of 2012, representing the Company's interest in Toba Montrose, Dokie 1, the Blue Lagoon, and the newly acquired ABW Solar. This increase in profit was due in part to higher revenues generated at the Blue Lagoon, due to increased visitors, and at Toba Montrose, due to higher flows when including business interruption proceeds. These increases in income were offset by lower winds at Dokie 1 in the period.

The increase in equity income was also due to the recognition of 6.3 million related to property insurance proceeds on the Montrose rockslide. The Montrose facility was offline until September 22, due to the damage incurred as a result of the December 13, 2012 rockslide. Consistent with the prior quarter, the proceeds from the insurance claim were recognized in equity income in Alterra's statement of operations and will reflect both business interruption proceeds and reimbursement of repair costs as required by accounting standards. I refer you to Appendix 1 which details the accounting for the rockslide repair in further detail.

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For the three months ended September 30, 2013, 6.3 million and 5.1 million is recorded in equity income, representing reimbursement of repair costs and business interruption proceeds respectively.

Included within other income and expenses are general and administrative costs which have remained consistent with the comparative quarter. Despite company-wide reductions in G&A costs, this is due to nonrecurring costs associated with the reduction in personnel in the period and legal fees related to the transactions.

Our results continue to be affected significantly by noncash movements in the embedded derivatives and bonds payable, both affected by the forward aluminium price. Movements in both these balances are also reflected in other income and expenses.

The other significant change in other income and expenses related to the write-off of development costs and other income and expenses was up 2 million on the comparative quarter, primarily due to a write-off of certain development costs in Chile and Peru of 2.6 million, not included in the EDC partnership. The end result was a profit before tax of 18.1 million against a profit of 18 million in the comparative quarter—comparative period.

Moving on to Slides 5 and 6, and also contained within the Company's Management Discussion and Analysis, we are demonstrating the Company's net interest in the generation, revenue, and EBITDA of our operating assets. These numbers reflect the Company's 66.6 percent

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interest in HS Orka, 40 percent of Toba Montrose, 51 percent in Dokie 1, 100 percent in Soda Lake, and 10 percent interest in ABW Solar.

As shown in the slides, revenue and EBITDA increased 3 percent and 4 percent respectively quarter-on-quarter when including Toba Montrose business interruption proceeds of 5.1 million, primarily due to increased revenue from HS Orka, Blue Lagoon, and Toba Montrose as explained previously. The increases were offset by the lower winds resulting in lower revenue at Dokie 1.

The EBITDA numbers reported here and elsewhere for Toba Montrose do not include the 6.4 million in rockslide-related insurance proceeds for repair costs discussed previously.

Generation was down 9.7 percent on quarter due to the Montrose Creek facility being offline for the majority of the period. However, on inclusion of the loss generation from Montrose Creek of 57,636 megawatt hours, which is attributed for calculation of business interruption insurance proceeds, generation was up 4.8 percent quarter on quarter and 103 percent of budget.

The following slide on Page 7 contains balance sheet highlights. It is worth noting the value of assets and liabilities fluctuate significantly as a result of foreign exchange, with the Icelandic Krona strengthening at September 30th against December 31st, and the Canadian dollar weakening over the same period.

Total assets increased by 6 percent, in part due to foreign exchange, in addition to the new investment in ABW Solar of 7.1 million, and an increase in the investment at Toba Montrose of 22.4

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million, due to recognition of the Company's share of income in the period which includes 11 million of property insurance proceeds in the nine months.

Total liabilities fluctuate significantly due to noncash movements in the value of embedded derivatives, a movement of 20.2 million against December 31, 2012. Other fluctuations in liabilities is due to repayments of debt and draws on the revolving credit facility.

The reduction in working capital was primarily due to the classification of Alterra's revolving credit facility to short-term liabilities at September 30, 2013. At December 31, 2012, this was recorded as a long-term liability. The Company plans to repay the outstanding amount on the revolving credit facility by December 31, 2013, through either a holding company financing or partial asset sell-down.

The long-term debt position is analyzed on the next slide, on Slide 8, and further information on projected debt service is contained in Appendix 2 to this presentation.

As at December 30, 2013, the Company's net interest in long-term project debt was 369.6 million, consistent with the December 31st number despite repayments in the period. The total represents 179.4 million held at Toba Montrose, 86.2 million at Dokie 1, 85.2 million at HS Orka, and new project debt of 18.8 million at ABW Solar.

During the quarter, principal repayments of 3.5 million were against HS Orka debt. And in accordance with the credit agreements of Toba Montrose, Dokie 1, and ABW, no repayments were made in the period.

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Interest payments of 5.1 million were met during the quarter, reflecting 2.9 million at Toba Montrose, 1.5 million at Dokie 1, and 0.7 million at HS Orka. No interest has been paid to date on the ABW Solar project debt with the first interest payment due on December 31st.

In addition to project debt, the Company holds 121.2 million in long-term bonds that were assumed and are secured on the holding of HS Orka and a \$25 million in a revolving line of credit. Interest paid on the bonds and line of credit in the quarter was 2.3 million and 0.5 million respectively.

That concludes my update on the first quarter results and I will now hand you back to John.

John Carson

Thanks, Lynda. And indeed a good story, love to hear that generation is up 5 percent, revenue is up 3 percent, and EBITDA is up 4 percent over the same quarter last year. So a great story and I'm happy to report that our assets are now fully back on line with positive results.

And I want to talk about where a lot of the action has taken place this year. I'm going to give it over, in one second, to Jay Sutton, our VP of Hydro. And just to say that we couldn't be happier that the unit is fully back online and, Jay, it was quite a job. I'm going to turn over to you to explain where we are at the asset.

Jay Sutton — Vice President of Hydro Power, Alterra Power Corp.

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Great. Thanks, John, and good morning, everybody. Toba Montrose had great inflows in generation in the third quarter of 2013 with actual generation at East Toba and pro forma generation at Montrose totalling 113 percent of forecast. The East Toba plant ran flawlessly and at near maximum capacity from mid-June to mid-September with no unplanned outages or equipment issues.

In September, we reached a significant milestone with the completion of the penstock repair work and restoration of the Montrose facility. During the penstock repair, we made a number of improvements to the penstock to significantly reduce the likelihood of any future damage or interruption. These included increasing the thickness of the penstock steel, encasing the penstock in concrete, creating additional protection berms above the penstock, and placing additional protective fill over the penstock both in the rockslide area and on much of the remaining sections of the penstock. Final cleanup was completed in early October and the crews and equipment have now fully demobilized from the site.

In September, we also secured project insurance coverage with Lloyds of London, including interim landslide coverage. Now that the penstock repairs are complete and the additional protection is in place, we are working with insurers to increase the landslide coverage in early 2014 and resume project distributions.

Overall, we are very happy to have Toba Montrose back in full operation and look forward to strong generation and an uneventful 2014.

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With that, John, I'll pass it back to you.

John Carson

Thanks, Jay. And a great story, and again, great to have that asset fully online and I hope you did notice the picture there of the Montrose unit after the repairs, fully flowing.

Paul Rapp, over to you to give us the update on our Wind and Geothermal assets.

Paul Rapp — Vice President of Wind and Geothermal, Alterra Power Corp.

Thanks very much, John. I'll start with Dokie 1. The Dokie Wind Farm performed slightly below plan in the third quarter producing 51.8 gigawatt hours of electricity or approximately 72 percent of budgeted generation, primarily due to lower-than-planned wind in July and September. Overall, the production remains on track and generation has rebounded strongly through October and early November. And we're currently over 92 percent of plan year to date, and in November, we're at approximately 110 percent of plan with the wind still blowing strongly.

The Dokie Wind turbines performed very well in Q3 and our turbine operator, Vestas, continued to exceed their contractual guaranteed wind turbine availability. The balance of plant equipment performed well through the quarter with no issues and the plant continues to maintain a sound environmental and safety record.

At our Soda Lake plant, moving on to Slide 11, the plant continues to perform well and has generated 53.9 gigawatt hours year to date or 98 percent of the budgeted generation. All turbine

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generators and production wells are currently performing well with no issues, and the plant continues to meet or exceed all safety and environmental requirements.

Moving on to Slide 12. In Iceland, at our Svarstengi and Reykjanes plants, both plants performed well in Q3 and year-to-date production was at 102 percent of budget generation at the end of Q3. The main activities in Iceland focused in Q3 on work at the Reykjanes geothermal field. The new production well, RN-31, which was drilled in late 2012 and connected in Q2 of 2013, continued to provide strong steam supply to plant.

Drilling for a fluid reinjection well, RN-33 was completed in October, northeast of the existing Reykjanes field. The well is currently undergoing testing and early results show very positive indications that the well will be a good injector to support the Reykjanes field. The \$9 million total estimated cost for the drill program completed to date is being fully funded from cash on hand at our Icelandic subsidiary.

And I'll pass it back over to John.

John Carson

Thanks, Paul, and good to hear about that production and good to hear month to date at Dokie 1, I think, now is 110 percent. So nice resurgence here in the fourth quarter.

Murray, over to you. We have a new asset in our house here, solar asset, and tell us where we are, Murray.

Murray Kroeker — Vice President of Solar and Engineering, Alterra Power Corp.

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Thanks, John. Good morning. For reference, the ABW highlights are provided on Page 13.

As noted by Lynda previously, we completed the purchase of 10 percent of the ABW Solar project on August 23rd. We're very happy to have completed the acquisition. Final completion under the EPC contract was achieved on October 31st. The facilities have been operating as or better than expected since they started commercial operation earlier in 2013. And for the third quarter, taken from the August 23rd purchase date to the end of September, the combined three facilities at ABW have generated 107 percent of plan energy primarily due to higher-than-plan insulation.

At purchase, Alterra also commenced project administration duties as the managing partner in the project.

Thanks, John.

John Carson

All right. Thank you for that, Murray.

Now let's move on to our growth opportunities. And I'll talk a bit about these, and I'm going to highlight two in particular, and then show you a slide basically that shows all the rest of our development assets.

I'm going to start with our prime hydro development asset, the Jimmie Creek hydro asset. We had two great developments on this project very recently and we just put out a news release

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yesterday about these where we finalized an EPA, Energy Purchase Agreement, and we also finalized an agreement to purchase the rest of the project.

So first of all, and I'm on Slide 14, we are calling this really an expansion of the Toba Montrose facility. There's the Toba side of Toba Montrose and the Montrose Creek side of Toba Montrose. Jimmie Creek sits right in the middle of those two assets, so you can really see it's firmly, squarely within the footprint of the existing project. For that reason, we're calling this project an expansion. It will also flow its electrons, or its electricity, over the same transmission lines that the Toba Montrose facility currently uses.

And as you'll see in a moment, we also hope to keep most of the same stakeholders that are involved in Toba Montrose also involved in this project.

So we did revise the PPA, the Power Purchase Agreement, with BC Hydro just at the end of October. In that EPA, we confirmed that the capacity of Jimmie Creek will be 62 megawatts of capacity, and we also pushed out our revised in-service date with no penalties out to August 1, 2016. So we've got a good runway to build this project, and we'll talk in a moment about when we're actually going to start building it.

In the PPA negotiations, we did shrink the overall project from an original Jimmie Creek plus Upper Toba River to only Jimmie Creek. This was agreed with BC Hydro, but it's important to point out that we took no price concessions in the Power Purchase Agreement when we wrapped it in here with Jimmie Creek.

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The next big thing that happened very recently is we signed an agreement with an affiliate of General Electric to acquire the remaining portion of the project that we didn't already own, or 49 percent. That agreement has been signed, executed, and is expected to close by the end of the year. We'll be acquiring 100 percent of the project at that point. We'll own it all, and we look forward to building this into our portfolio of hydro assets and being a leading hydroelectric producer in British Columbia.

Looking toward construction, we signed a limited notice to proceed with SNC-Lavalin, and they will manage our EPC process for us and alongside of us. They've been working with us for several months, and we've been working with multiple contractors and we have a good structure of contracts to build this project. It will be a managed engineering procurement and construction process and contract. And we are targeting full commencement in the first half of 2014.

I know that all permits and water licences for this project are final, so this really is a shovel-ready, so to speak, project. You see a photograph on the right side of the screen on the presentation. That's a photograph I actually took myself when I was up at the site in October of 2013. And you can see it's just another day at Jimmie Creek. It has exceptionally strong water flows. And one of the most amazing things about this is that it has a tremendous glacial watershed, up and above the project, that feeds this project. If it never precipitated for a decade, I think this project would continue to flow as you see it here.

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So looking ahead to where we are with preparing for construction financing, we have a lender group that we're working with, including a lead lender. We've had a few turns on a term sheet with them and we're actively in dialogue. We're also in touch with and preparing to be in closer touch with the rest of the lenders in that group as we look toward a first quarter or first half financing close.

How much will the equity take in this project now that we own 100 percent? I've given you an indication on the left there. We've been using the numbers for 100 percent at around 50 million to 60 million. I'm looking down there and saying perhaps it's as low as 45 million. We look to get a portion of our development expenses, the good money that we've put toward the development of this project, back when we close it. And so I think my best estimate, and our team's best estimate, of what our 100 percent number would be for this project would be around \$45 million.

Where are we going to get it? As Lynda mentioned before, we have capital plans in the works very near term. We target either a holding company financing or a partial asset sell-down. And again, this is to cover many equity needs going forward. So I feel good about our access of capital for this project and for the other things that Lynda mentioned.

With that, I'd like to go to Slide 15, and discuss a new development asset that we haven't discussed with you by name before. It's a Texas Wind project called Shannon wind. We're currently in the process of acquiring this project from the early stage developer, Horn Wind LLC.

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Horn Wind has successfully developed a couple of prior projects. Jimmy Horn is the principle there. We've had a good working relationship with him; that's continuing to this date. We've also agreed to terms; skipping down to the next to last bullet, we have agreed to terms for us to ultimately acquire 100 percent of the project ownership. And all agreements are flowing smoothly there between us and the early stage developer.

Meanwhile, Alterra is completing the late-stage development on this project. We're in active dialogue and/or documentation on almost every single major agreement to get this project over the finish line. On the project side, that means a Turbine Supply Agreement and a Construction Agreement full wrap, an O&M agreement, and other similar agreements.

On the financial side, this project will probably have a 12- or 13-year power hedge. In this case, it actually is a Power Purchase Agreement; the off-take is purchasing title to the power. We will also have a tax equity investment team at the project level, and we'll also lender finance it above the project. So we are accessing several pools of capital. These are very typical pools of capital for a US wind project, and we have a great deal of experience on this team to effect financing structures.

Both our newly appointed VP of Project Finance and M&A, Jon Schintler, and myself, have closed multiple deals on the US tax production tax credit side. So this is right down Alterra's strike zone, believe it or not. And we're probably as well-equipped as anybody in the country to structure a tax-focused deal.

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This deal will be eligible for 2013 USA production tax credits, Section 45 tax credits, and we're making sure and confirming with multiple tax council that our strategy for PTC eligibility will be the right one.

I mentioned that this project will be contracted through a PPA which is actually—which is similar to a—it is a power hedge and it's a PPA. Approximately 75 percent of the project output will be contracted for 12 or 13 years. That contract, plus the PTC benefit, makes this quite a—and plus the strong wind at the site, makes this quite an attractive economic project for us. We've very excited about it and we have a large team here at Alterra that's working on this project every day. We are positioning this project to commence operations in mid-2015 with a construction start in the first quarter or first half of 2014. So that's the schedule for Shannon. We're very excited about it.

In the upper right, I've indicated their ownership, TBD. We will be the 100 percent owner soon. It's possible we may bring a partner in with this project and we're currently reviewing the project with a partner, but that's all there is to say on that subject right now.

So these are our two featured development projects at this time and two projects that we intend to put into construction in 2014.

With that, I'll turn to Page 16 and talk about other growth projects that we're still working on. And these probably won't have the same early time horizon of the two I just mentioned.

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On the Wind side, I'll briefly note a couple of these. There's Dokie 2, which sits nearly adjacent to our Dokie 1 project. It's fully permitted, 150 megawatts plus. GE remains our partner there, and we're happy to have them as our 49 percent partner.

You'll also recall last year we agreed to a deal to acquire four projects in the BC coastal area. Three of those projects are near where we believe prospective LNG facilities may be constructed and so they may be well-positioned to meet future energy needs.

And also, we're looking at other growth opportunities, both in Canada and the US where Alterra's team is well-equipped and historically has a strong knowledge base in both of those areas.

On the high-growth side, I'll remind you, our Bute Inlet project, which has been a longer-term project but it's a very bold project and a very large project. It will be closer to where some of the industrial growth may be in British Columbia. And with transmission additions, and with growth that we envision in the province, we may yet get this project back into its strong active track at a later date.

I've called out the Europa project, which is North BC opportunity also near the possible LNG locations. And I've also called out the Fir Point plant, which is one early stage pump storage opportunity that could be as large as 1,000 megawatts, as something that we remain excited about. It's for the future. And then, we have an array of multiple early stage opportunities in British Columbia and in Iceland on the Hydro side. I have a map—it's one of my favourite maps—here in the Company of all of our Hydro assets in British Columbia. They are many. This team has worked

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hard over the year to assemble them together and we're looking—we're excited that we have this basket or this portfolio of development assets for the future.

On the Geothermal side, we've mentioned to you the Reykjanes asset many times before where we've planned an 80-megawatt expansion. That expansion does remain subject to a final PPA agreement with our off-take there, and would remain subject to project financing. And as Paul mentioned earlier, we're also doing a resource assessment just to ensure where that resource is. And so that project, we'll have a firm time line on that, probably into the New Year once we received the results from the reinjection study.

On the Mariposa side, down in Chile, you'll recall earlier this year we signed an agreement with EDC, the large Philippine geothermal operator, to partner with us, and they're going to put the next \$60 million of capital into that asset. Both Paul and I received on our desk, just last week, a plan for next stages of activity on the site and road building as a preparation for drilling which we hope to occur in late 2014. Both we and our partners plan that and we're excited about that. That will be an exciting thing for Alterra in this coming year.

Just north of Chile, in Peru, where we have some earlier-stage assets, you'll recall the same entity, EDC, Energy Development Corporation, signed an agreement with us to put the next \$8 million into those early stage assets. What this will do is take our basket or portfolio of assets there and find the best assets and make a determination as to which ones to focus on. These also are projects for the future, and we're very happy to have a partner like EDC that's well experienced and

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has multiple successful geothermal projects globally to be partnering with us and to be putting the next close to \$70 million of cash into these deals to earn their stake in the partnership.

I've also called out the Mensano and Roccastrada Italian development assets. We actually believe that we'll be signing a Partnership Agreement there very soon. These are early stage assets. This is for the future, but I'm calling it out because we do have quite an interesting pipeline into the future, which is costing us very little here at Alterra.

Finally there, I mentioned something in our own backyard on the geothermal side. There's never been a successful geothermal project in British Columbia. There will be one day. We hope ultimately it will be us. We have some very well-positioned land leases and this will be something in the future that we'll look at with interest.

Lastly, on Solar, where we just made an acquisition here in the last quarter, we are examining new solar opportunities in the USA and in a couple of other locations as well.

So that's our story of growth. It's exciting, and we have two assets in the forefront that we're working very hard on and this portfolio of assets I just mentioned to you as well.

With that, Ross, I'm going to turn it over to you.

Ross Beaty

Okay. Thanks, John, and thanks, everyone else who's spoken today. I think as I listen myself I really am struck by the team. The strength that we have here in Alterra to execute well and to operate well. And of course, behind people who have spoken today, is a very strong team at the

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operations at Soda Lake and Dokie and Toba Montrose and in Iceland. And these are the people who really make things happen.

With the strong generation and strong financial results, good growth prospects, and our very strong management team, I think we really can look forward to 2014 with great excitement and anticipation.

The only other note is on the financing, and I hope John has given you some colour on our plans for financing our growth and financing the repayment, for example, of the corporate revolver. Our plans are to do this without resorting to any equity financing, any share sales for the foreseeable future. And to the extent we can keep that our focus, I hope that you'll understand we're trying to do this without any equity dilution in the foreseeable term.

So with those comments, I'm going to open the call to questions, Operator. And look forward to answering those as fully as we can.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press the *, followed by the 1 on your touch-tone phone. You will hear a three-tone prompt acknowledging your request. Should you wish to decline from the

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polling process, please press the *, followed by the 2. If you are using a speakerphone, please lift the handset before pressing the keys. One moment, for your first question.

Your first question comes from Jeremy Mersereau from National Bank Financial. Please, go ahead.

Jeremy Mersereau — National Bank Financial

Good morning, everyone. I guess starting with Jimmie Creek, just wondering if there are any permitting hurdles to overcome in the next little while.

Ross Beaty

Go ahead, Jay.

Jay Sutton

No. We've received our final water licence with—confirming all of our in-stream flows and we've also got our DAC certificate. So there's actually no further permits required and we're working now on permits for construction.

Jeremy Mersereau

And did you have to make any pricing concessions for the renewed scope?

Jay Sutton

No. No change in pricing for the reduction from two plants to one.

John Carson

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And, Jay, you might also mention that we got the numbers we wanted on in-stream flow requirements.

Jay Sutton

Correct.

John Carson

We had asked for something to come our way and it did.

Jay Sutton

Yep.

John Carson

So we've ended up very happy with that.

Jeremy Mersereau

Okay. Great. And finally, for that project, was there a RFR (phon) on the sale? Was there a competitive bidding process for the other portion?

John Carson

No. It was a deal between us and the affiliate of GE. We're good friends; we talk basically every day still. We've had a long history together, and this was a very friendly deal that had been planned for some time. You'd notice, Jeremy, in our last two financial—sets of financial statements we've stated that we had an agreement with principle with GE. So yeah, this was a friendly one-to-one transaction.

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Jeremy Mersereau

Okay. Great. And next, going to Shannon. I guess if you want to qualify for that PTC, you'd have to spend 5 percent of the entire capital before year-end. Wondering if you've already done that, or will you require capital to do that. I guess it also requires that you keep a steady pace thereafter. So just wondering if you could comment on that.

John Carson

Yeah. Actually, Jeremy, if you look in September, you'll notice that new guidance came out, and we won't go too deeply on it in this call, but what you've just stated was true several months ago. If you look at the September guidance, you'll note that continuous efforts is no longer required. And you'll note—and that really changed the structure of PTC eligibility. We had planned for a 5 percent structure. We're no longer planning that way. So, Jeremy, perhaps one-off I could walk you through a little more of the strategy and bring you up to the latest, but we've talked to and we are in full dialogue with, and basically this is every day, with two of the top tax council in the United States. And we feel very strongly about our strategy and what we're doing, and it's pretty different from what you just described. So I won't walk you through it here. Let's talk after the call, Jeremy.

Jeremy Mersereau

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Okay. And finally for that project, I realize it's still not finalized, but wondering if you can either comment on what you think the total costs would be for the project and maybe your target IRRs for it?

John Carson

Yeah. If you look at other flattish land projects in this area, centrally located, good transportation, you're going to expect that we're going to be somewhere between 1,600, \$1,700 a KW. We're going to be right around there, maybe even lower. We're still working on that. So it's going to be a much lower cost than a ridgeline project like the Dokie 1 project for instance. On returns, and this is I express to you this is one of the stronger themes here, look, I've always said that Wind deals are very hard to get up naturally to a 15 percent levered IRR these days without some distress note or something in there to change the character of a transaction. In this instance though, we're approaching that. We are looking at third-party consultants for each part of our longer-term views. We have to do that for it to make the project financeable. And looking at the hedge price that we believe we'll get, looking at the long-term merchant price powers in Texas for after the contract has expired, it's easy to see ourselves in getting healthily into mid-teens returns. And so, we're very happy about that.

Jeremy Mersereau

Okay. Thank you very much.

Operator

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Thank you. Your next question comes from Jonathan Lo from Raymond James. Please go ahead.

Jonathan Lo — Raymond James

Hello?

Ross Beaty

Yep. Go ahead, Jonathan.

Jonathan Lo

Hi. Can you shed some more light on the financing options and what assets you may sell for Jimmie Creek?

Ross Beaty

Sure. The assets that we might sell are those which we would consider small asset or noncore or assets that we could happily trade an excellent—we would book an excellent return off of and put it into other relatively high-yielding development projects. So it's a trade-off of an asset that we might get a great return by selling it to a low cost of capital entity, and then plough it back into development project with a much higher return potential. Just classic good business, swapping out assets, one for another.

Jonathan Lo

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Okay. And just on the cash flow statement. The share results from equity accounted investees, I noticed it's—like maybe you can help me reconcile the 21 million versus last quarter was 3.3 million. I'm just a little bit confused about the jump there?

Lynda Freeman

From the cash flow statement?

Jonathan Lo

Yes.

Lynda Freeman

Yes. The cash flow statement's purely adding back. The 21.2 million is the total value that we've recorded in the income statement for the nine-month period. And then we recognize distributions only so the cash impact of that share distribution from Toba, Dokie, or Bulandsvirkjun.

Jonathan Lo

Okay. And then for the—on the distributions, you said that you're going to defer the distributions at Toba Montrose until the insurance—until you can get, I guess, better insurance coverage. So what can we expect the—I guess the overall distributions to be going forward for I guess all three, Dokie, Orka, and Toba?

John Carson

Yeah. Jonathan, we—if you look at our projections in our materials, you'll see—we've shown you EBITDA.

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Jonathan Lo

Mm-hmm.

John Carson

I will tell you probably run rate from our BCS (phon), that's what you're asking there about...

Jonathan Lo

Mm-hmm.

John Carson

Is probably close to \$15 million of annual distributions that we'd expect in a typical year.

Jonathan Lo

Mm-hmm.

John Carson

And with your pensioning there, the temporary situation at Toba Montrose, we expect that to resolve no later than the second quarter, hopefully a lot earlier, and to be very much back to normal there, and Jay's working hard to make that happen right now. But yeah, I think from the BCSs that we currently own, about \$15 million of annual cash flow.

Jonathan Lo

Okay. And do you have the net interest cash number?

Lynda Freeman

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It's 36.5 million.

Jonathan Lo

36.5 million. Great. Thank you. That's all for me.

Ross Beaty

Okay. Thanks, Jonathan.

Jonathan Lo

Thank you.

Operator

Thank you. Your next question comes from Mike Plaster from Salman Partners. Mike, please go ahead.

Mike Plaster — Salman Partners

Thanks, very much. Good morning, guys. Just a couple questions for me. First off, on the Jimmie Creek buyout, are you able to provide any details on the terms of that purchase? If there's a cash payment or royalties? Or how that might be structured?

John Carson

No. We're really not—we agreed we weren't going to disclose it. It's a modest transaction. I'll state that. But again, it's a private transaction, a one-off, and we're not currently disclosing it. It's not material to our financials.

Mike Plaster

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Okay. Fair enough. And secondly, on the Shannon wind project. John, I'm not sure if you mentioned this in your earlier comments, but what's the status on the permitting, environmental approvals side of things? Is a lot of that in place? Or is there more to be sought?

John Carson

Yep. Almost all the permitting aspects of a project in Texas is much different from where it is elsewhere. In fact, our team that works here, not only in British Columbia but also in Texas, is sometimes astonished at the differences in oversights from regulatory agencies, et cetera. Maybe not oversights not the right word, but the level of process that's involved in getting a project. So if you look at the number of projects that have come on in Texas over the years, it really is a unique environment and it is a friendly place for renewable energy projects to be developed. So they're a very small amount of permitting, et cetera, that needs to be done, a modest amount, and we're basically there on all of that. We're tying down the last chords of our environmental aspects of the project with our attorneys and with our lenders, et cetera. So no—there are no issues there, no surprises. And we don't consider there are any non-descript—any discretionary permits open.

Mike Plaster

Great. Thanks very much.

John Carson

Okay.

Operator

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Thank you. Your next question comes from Jared Alexander from Canaccord Genuity.

Please go ahead.

John Carson

Are you there, Jared?

Jared Alexander — Canaccord Genuity

Oh, can you guys hear me now?

John Carson

Yep. We're good.

Jared Alexander

Okay. Sorry about that, guys. I just wanted to get back to the distribution on Toba Montrose and kind of ask you about the timing there. So should we not expect to see any distribution until Q4 of 2014?

John Carson

No. No. That's not what we'd expect, Jared, and I appreciate the question. We would expect that we'd have distributions starting no later than the second quarter, or June. That's fully our expectation. It's not impossible to do something before then but I'm sticking with second quarter as a good and most likely occurrence. So yeah, we won't be waiting till fourth quarter. And also, let me point out it's not as if there's some loss like a distributions lost to us that's not going to come back. If there were distributable funds, if we don't distribute on December 31st, if we don't,

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then those funds would remain basically held for us at the next possible point of distribution. So that's the story around those distributions.

Jared Alexander

Okay. Great. Thanks, for that. And then I wonder, looking at ABW I notice there isn't an income statement like there is with the other equity investments. And I don't know if it's possible to do this on the phone, but can you quickly run through maybe what the line items were to get to the equity income on that asset?

Lynda Freeman

We can take it off-line and I can explain to you. It's just it was extremely small this quarter so there was no need for the disclosure, but we can definitely give you that information.

Jared Alexander

Okay. That's great. Thank you. Those are my questions.

Ross Beaty

We just had—yeah, we just had a month, just over a month of generation attributable to our interest, so yeah. Okay.

Operator

Ladies and gentlemen, as a reminder, should you have any further questions, please press

*, followed by the 1.

There are no further questions at this time. You may proceed.

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Ross Beaty

Okay. Thank you very much. Well, I think that wraps it up, and thank you all for joining us today. Without any other comments from anyone I think we'll call it quits. Thank you, Operator, and thank you, everyone, for listening.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.

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