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#### CORPORATE PARTICIPANTS

**Ross Beaty**

*Chairman, Alterra Power Corp*

**John Carson**

*Chief Executive Officer, Alterra Power Corp*

**Bruce Ripley**

*Chief Operating Officer, Alterra Power Corp*

**Peter Wong**

*Chief Financial Officer, Alterra Power Corp*

**Jay Sutton**

*Vice President Hydro, Alterra Power Corp*

**Lynda Freeman**

*Vice President Finance, Alterra Power Corp*

#### CONFERENCE CALL PARTICIPANTS

**Jeremy Mersereau**

*Analyst, National Bank Financial*

**Tanya MacIver**

*Analyst, Northland Capital*

**Gus Hochschild**

*Analyst, Mirabaud Securities*

**Jared Alexander**

*Analyst, Canaccord Genuity*

**John McIlveen**

*Analyst, Jacob Securities*



**Operator:** Good morning. My name is Melissa, and I will be your conference operator today. At this time, I would like to welcome everyone to the Alterra Power Corp. second quarter 2012 results conference call with Mr. Ross Beaty, Chairman, and Mr. John Carson, Chief Executive Officer. 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.

I would now like to turn the meeting over to Messrs. Beaty and Carson. You may begin your conference.

**Ross Beaty (Chairman, Alterra Power Corp):** Thank you very much, Operator, and good morning, ladies and gentlemen. Welcome to our call this morning.

First comment is as regards forward-looking statements. We have a number in our materials and there'll be a number talked about today. I refer you to the cautionary language in our MD&A, and we do seek safe harbour in this matter.

Joining me on the call today will be John Carson, of course, our CEO; Bruce Ripley, our Chief Operating Officer, and Peter Wong, our Chief Financial Officer. As well, we have a number of our senior staff available to support our speakers and answer questions if we have any that the speakers themselves cannot answer or wish some back-up on.



To start, I'll summarize the quarter. It was a good quarter. All six of our operations ran well. Our ABW solar project moved into construction mode and our four development projects – Upper Toba Valley, Dokie 2, and Reyjanes 3 and 4 – all advanced towards being construction ready. We remain within budget on our 2012 business plan, and see no need for any new equity for the foreseeable future.

We have some interesting corporate opportunities in front of us, one of which is the possible sale of our interest in HS Orka in Iceland. And we believe the balance of 2012 will be busy and constructive for our shareholders.

With that, I'd like to ask John Carson, our CEO, to talk more about our quarterly results. John?

**John Carson (Chief Executive Officer, Alterra Power Corp):** Thanks, Ross. And we are pleased to report another quarter of on-target production and healthy EBITDA. And I'm going to turn to our CFO, Peter Wong, who will now provide the financial detail behind the quarter. Peter?

**Peter Wong (Chief Financial Officer, Alterra Power Corp.):** Thank you, John, and good morning, everyone.

I'm pleased to report on another good, steady quarter of our existing operations in B.C., Iceland and Nevada. In fact, our two geothermal plants in Iceland exceeded their generation target this quarter. Our other operations performed pretty much as we expected. So the combined generation from all our operating facilities in the second quarter was 582

gigawatt hours, or 98 per cent of budget. Our net interest that generation was 326 gigawatt hours.

Overall, our generation facilities had high reliability and generated clean, renewable power and positive cash flows. And we continue to generate positive and stable cash flows, although that may not be apparent in our financials because of a number of widely fluctuating non-cash items, which also caused our earnings to fluctuate significantly from quarter to quarter.

As an example, the company recorded a net loss of 9.7 million this quarter, compared to a net loss of 23.6 million for the comparative quarter in 2011, an improvement of 13.9 million, again mostly the result of certain non-cash items.

Let me walk you through these selected non-cash items.

So this quarter we recorded a non-cash loss of 11.9 million from the change in the fair value of bonds and derivatives, compared to a net loss of... to a loss of 13.7 million in the comparative quarter, an improvement of 1.8 million because of changes in future aluminum prices. The aluminum market, as you know, is subject to price fluctuations, so this was not a surprise.

We also posted a non-cash foreign exchange gain of 1.8 million, compared to a foreign exchange loss of 4.8 million, a swing of 6.6 million in this quarter's favour. We wrote off 0.8 million in previously deferred exploration costs, compared to 3.9 million in the comparative quarter.



So the total in these three selected non-cash items contributed 11.5 million to the decrease in net loss this quarter when compared to the same quarter in 2011. So if you exclude these and other non-cash items, our consolidated EBITDA for this quarter was 11.4 million and our net interest in EBITDA was 9.5 million, which is pretty much what we expected. We have also provided a reconciliation in the news release on how we calculated our consolidated EBITDA in order to help you out.

Our consolidated revenues from our geothermal operations in Iceland and in Nevada were 3.3 million lower than the comparative quarter, again mainly as a result of lower aluminum prices, which declined 21.7 per cent versus the comparative quarter, as well as negative changes in the foreign exchange translation for the HS Orka non-US denominated revenues.

As we have pointed out in previous calls, our two Icelandic long-term contracts were tied to aluminum prices, and they represent approximately 33 per cent of our Icelandic revenue. On a comparative basis, gross profit was down by only 1.7 million from lower revenues as a decrease in revenue was partially offset by lower operating costs.

Our share of revenue from Toba and Dokie, which are equity accounted for and not included in our consolidated revenue, were on track. Our 40 per cent of revenue from Toba's hydro operations for the quarter was 8.2 million, and our 51-per-cent share of revenue from Dokie's wind operations was 3.1 million. Operating costs and cash flows from these two entities were as expected.

There are a couple of distributions and dividends I'd like to also mention. During the quarter, HS Orka's subsidiary Blue Lagoon declared a dividend of which HS Orka's share was 1.2 million, and this was received in July by HS Orka. For your information, Blue Lagoon is the world-famous hot springs resort in Iceland, of which HS Orka owns 32 per cent. Dokie fully funded its debt service reserve of C\$8.9 million using cash from operations, and then declared its first distribution of 1 million, of which our 51-per-cent share was \$510,000.

So to conclude, this quarter we can report continued good and expected operating results with stable cash flows.

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

**John Carson:** Thanks, Peter. I'll now ask our Chief Operating Officer, Bruce Ripley, to provide an overview of our operational performance for the period. Bruce?

**Bruce Ripley (Chief Operating Officer, Alterra Power Corp):** Thanks, John. For operations, we've had a very good second quarter and first half of 2012. Generation for year to date through July for the combined plants is approximately 100 per cent of plan and operating costs for year to date through June for the combined plants is also approximately 100 per cent of plan.

In Q2 we had zero significant environmental incidents and one recordable safety incident, which was a strained leg muscle, for which the worker has fully recovered and

returned to work. Credit for these results go to our leaders and teams in each of our operating plants. Our people provide our results, and we thank them.

Q2 highlights from HS Orka in Iceland, where we hold a 67-per-cent interest in 172 megawatts of geothermal assets, include 287 gigawatt-hours of generation at the Svartsengi and Reykjanes plants, which is about 104 per cent of plan. Also during Q2, HS Orka successfully completed the major overhaul of the 50-megawatt Reykjanes Unit 2 turbine on budget and on schedule.

Q2 highlights from Soda Lake in Nevada, where we have 100 per cent interest in a gross 16-megawatt geothermal plant, include 15.5 gigawatt hours of generation, which is about 77 per cent of plan. Looking forward, the planned installation of replacement pumps in two of our production wells is on schedule for late September and will increase plant energy output and provide greater production-well reliability.

Q2 highlights from Toba Montrose in B.C., where we have 40 per cent interest in a 235-megawatt hydroelectric plant, include 213 gigawatt hours of generation, which is 99 per cent of plan for the high-value firm and Tier 1 non-firm energy. That good news continued in July, with generation at 110 per cent of plan due to sustained high flows and high equipment availability.

Q2 highlights from Dokie in B.C., where we have a 51-per-cent interest in a 144-megawatt wind plant, include 66.4 gigawatt hours of generation, which is 97 per cent of plan. Also during Q2, the Dokie team completed their annual maintenance outage, including

inspections of the transmission lines and substation equipment. Generation impacts during this outage were minimized by maintaining partial generation and no significant equipment issues were identified.

Looking forward at our development activities, construction of the 50-megawatt ABW solar plants is well underway by First Solar and their contractors and that work is on schedule for completion in late 2012.

B.C. development priorities are the Upper Toba hydro project located near Toba Montrose and the Dokie 2 wind project located near Dokie. For Upper Toba, we are advancing design optimization with an EPC contractor, with targeted start of construction in early 2013. For Dokie 2, we are performing a feasibility study to support a future energy procurement process.

In Iceland we are nearing completion of design work for the 50-megawatt high-temperature Reykjanes 3 expansion and advancing a pilot project for the 30-megawatt low-temperature Reykjanes 4 expansion.

In summary, our operating plants have good performance on safety, environment, maintenance and production and our development projects are advancing on schedule.

**John Carson:** Thanks, Bruce. That's a great report for the quarter. Now let's look at our late-stage development projects.

First, Upper Toba, our next large run-of-river hydro project, which is located very close to our current plant, Toba Montrose. This development stage project has a 40-year

PPA signed with B.C. Hydro. As Bruce mentioned, we're currently working on optimizing that design. And to that end, we've issued limited notices to proceed through a contractor. We've been performing this development work in close dialogue with our perspective 49-per-cent partner, GE Energy Financial Services.

Our current estimate for construction funds needed from Alterra for this project is just over 40 million. We've been busy determining an optimal means of supplying that capital for the project, and to that end we have advanced certain discussions to the term sheet stage for potential transactions that would supply this capital on a non-diluted basis. This capital likely won't be needed until the first quarter of 2013. We were already poised in a comfortable position, with proposals that had been briefed with our board and will be implemented if necessary at the appropriate time.

Next, Dokie 2, our later-stage wind development project, which is permitted for 156 megawatts of capacity, and is located in very close proximity to the currently operating Dokie 1 plant. This project is not yet contracted, but we remain in dialogue with B.C. Hydro and that we are poised to take this project quickly into construction once we gain line of sight on the PPA.

In the meantime, we continue to gather wind data from the new 80-metre towers we installed last November, which will fine tune the older data from the other longstanding towers on the site. Other aspects in motion include a review of the current project work plan with an independent engineer as well as initial construction contractor discussions.

For the 80-megawatt Reykjanes geothermal expansion in Iceland, we are currently drafting an amendment to our power purchasing agreement. This amendment, once finalized, will enable us to pursue long-term projects, similar financing, and then construction.

In addition to these three lead projects, we have a number of earlier-stage development assets as well that we continue to advance and which are currently at various stages of development. A few weeks ago we reviewed this entire portfolio of early-stage assets, primarily wind and run-of-river hydro, with our full management team. We continue to development these projects with what we believe is an optimal tiering of priority, based on current likelihood and timing of success.

We believe our project development expertise, as evidenced by our track record of project completion in British Columbia and Iceland, puts us in a uniquely strong position to ensure that these projects will get built. As we stated on this call three months ago, getting all three of the late-stage development projects – and that's Upper Toba hydro, Dokie 2 wind and the Reykjanes expansions – into construction and then operations will almost double our current annual EBITDA.

Finally, all of this project work is being formed substantially within budget. And as we reported to our board just this week, we are almost exactly in line with our 2012 budget, which was approved by the board in November of 2011.



In addition to our development assets, we've remained active in examining select opportunistic acquisitions, mostly in North America, and especially in our backyard, British Columbia. The market is strong and competitive around transactions consisting solely of operating assets but we feel we can be particularly competitive on asset portfolio containing a mixture of operating and development assets.

With respect to our earlier-stage geothermal development projects outside of Iceland, we've been frustrated by delays in finalizing deals for our assets in Chile, Peru and Italy. Though dialogues with expertise-bringing partners continue on all of these assets, our expectations for timing of signing any definitive agreement are now moved out toward the end of the calendar year.

I'd be remiss if I didn't also re-emphasize that the ABW solar project in Ontario continues in construction on track, and we anticipate buying that 50-megawatt project from First Solar in November of 2012, along with our partner on that deal, GE Energy Financial Services. We anticipate an investment of approximately \$6 million for our 10-per-cent interest in that project, which is fully within our 2012 budget plan. We project this investment will provide to Alterra an additional \$3 million of annual EBITDA and \$1 million of incremental cash flow to equity.

In summation, we remain active in growing this company through development and acquisition and we're excited about our future and continuing to build value in this company.

With that, Ross, back to you

**Ross Beaty:** Great. Thanks. Thanks, guys, for all of your comments.

I'm just going to add a couple of additional comments really to follow up on some things that John said. One of them is to remind our listeners that with these pipeline assets of ours, we have a very deep portfolio of wind and hydro pipeline assets in British Columbia. These include the plus-thousand megawatt Bute Inlet hydro project that has been advanced to some degree this year.

These are long-term projects, but we are moving these things along. And then of course we acquired in Q2 a large group of wind licenses in coastal British Columbia from our English Bay transaction, and we are now looking at those quite hard and plotting the development path on those.

In addition, we have of course our geothermal projects in Chile, Peru, Italy and British Columbia. And even in Iceland, HS Orka has a very compelling hydro opportunity that it's been looking at quite closely. So not only within our areas but, as you can imagine, we're also getting some interesting opportunities in the U.S. and Chile and Peru where we already have people and local expertise to leverage from.

We announced in late June that we'd received an offer to purchase our Icelandic subsidiary, HS Orka. The deal is moving forward and we will announce the terms if we get to a binding deal, in the near future.

Regarding other corporate opportunities, the market today is very interesting. Prices for spinning assets are very, very high – this is a result of the pursuit of yield by a number of pension fund and other institutional investors and some infrastructure funds – while prices for development assets are very low. Simply put, there's not a lot of market for any risk in any asset class today.

So we have very interesting opportunities that we're looking at to both buy and sell and simply maintain our traditional path of developing out our pipeline. And we're looking at all of these variants on specific assets that both we own and others own to see how we might best increase our corporate value and take advantage of these market conditions and our strong management team. I'm not going to go into further detail today. Just watch this space.

Now that our Dokie cash reserve is full and our Toba Montrose operation is operating again at full capacity, we are running all operations at the steady state that should deliver long-term, predictable cash flow to us, net of all of our obligations. Our focus is on increasing this cash flow by getting more assets in operation and we will continue to update you as we progress our development projects.

With those introductory comments, I will open the call to questions, Operator. And thank you again for joining us today.

## Q&A

**Operator:** As a reminder, if you would like to ask a question, please press \* then the number 1 on your telephone keypad. If you would like to withdraw your question, press the # key. We will pause for a moment to compile the Q&A roster.

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

**Jeremy Mersereau (Analyst, National Bank Financial):** Good morning, everyone.

**Ross Beaty:** Good morning, Jeremy.

**Jeremy Mersereau:** Just on the HS Orka, the potential sale, what do you think your use of proceeds would be? Do you think you would look at the maybe earlier-stage projects or kind of maintain a focus on the later-stage?

**Ross Beaty:** Jeremy, I appreciate the question. I think we're not going to put the cart before the horse. We're going to see if we conclude a transaction and then we'll talk about how we're going to spend the proceeds. But right now it's uncertain, and as long as there's uncertainty, I don't think it's productive to talk too much about hypothetical uses of proceeds.

**Jeremy Mersereau:** So I guess it's safe to assume then that these negotiations aren't affecting any progress in the country.

**Ross Beaty:** No, they are not. No, we're treating the HS Orka as business as usual. We have a wonderful team over there. They're progressing things, they're operating the assets well, they're progressing the Reykjanes 3 and 4 as quickly as they can and it's business as usual.

**Jeremy Mersereau:** Okay. And next, you mentioned the... for I believe it was Upper Toba, you said you might need about 40 million in equity by Q1 2013. Is that correct?

**Ross Beaty:** Correct.

**Jeremy Mersereau:** And your options, do they include convertible debt, or is it... are you seeing many options right now?

**John Carson:** Yeah. This is John again. We're actually... we have looked at convertible debt very briefly. We really don't think that that's a market that's a great one for us to be pursuing for this. We've got better options. And also, we avoid, through some of our options, dilution factors. So we're looking past convertibles; we're not looking at those.

**Jeremy Mersereau:** Okay. And back to the exploration projects. I don't know if I understood correctly. You said that we'll hear more about the progress later on in the year. Is that correct?

**John Carson:** Which project were you referring to?

**Ross Beaty:** It was all of it.

**Jeremy Mersereau:** It was all the...

**John Carson:** Oh.

**Jeremy Mersereau:** ... Chile and Peru...

**John Carson:** Yeah, exactly. As we pointed out, we have faced a couple of setbacks in finalizing agreements, which we've been working very hard on and my expectation is that a signing of a definitive agreement will now be toward the end of the year at least.

**Jeremy Mersereau:** Okay.

**Ross Beaty:** ... we're a couple of months away at least.

**Jeremy Mersereau:** Okay. Thanks very much.

**Operator:** Your next question comes from the line of Tania MacIver from Northland Capital. Your line is now open.

**Tania MacIver (Analyst, Northland Capital):** Hi, guys. Just a question on the PPA negotiations in Iceland. Can you give an update on that and what your expected timing is there?

**John Carson:** Yeah. We are currently very active with our counterparty, which is Nordural. And Nordural is a subsidiary of Century Aluminium, which is headquartered in Monterey, California. We're meeting and talking regularly with them. We are currently expecting from them to finalize an amendment to that PPA. So I would characterize those

conversations as ongoing, as friendly, and I know that they're being mutually characterized as so by Century as well, and as moving forward actively.

And as Ross pointed out, it is absolutely a case of business as usual for us in Iceland. We are absolutely running the asset as if the sales process didn't exist. And so if that sale process were not to follow through, this business will be unaffected. We're full steam ahead, and the PPA negotiations are currently right in line with those. So parties are actively moving forward. There's a set of terms that has been agreed to, and we're trying to document those now.

**Tania MacIver:** Okay. So you don't expect those negotiations to impact timing of your roll-out plans for the expansions?

**Ross Beaty:** No.

**John Carson:** That's correct. We're in full speed ahead, notwithstanding any sale activity.

**Tania MacIver:** Okay. And then just on Upper Toba, can you just sort of talk about what you have to do, or what remains to be completed, prior to starting construction, and if there's been any changes to your estimated construction costs at this stage?

**Ross Beaty:** Sure. We'll have Jay Sutton answer this, who's our V.P. Hydro.

**Jay Sutton (Vice President, Hydro, Alterra Power Corp):** Yeah. Right now we're working on preliminary design of both the Jimmie Creek and Upper Toba plants, which make up the Upper Toba project. We're hoping to have that complete by the end of the

year, and then we'll move into some form of construction contract early in 2013, with construction starting April 2013 as our target right now. Project costs are pretty close to exactly what we had budgeted previously, although we are looking at optimizing the plant size up or down from our original forecasts.

**Tania MacIver:** And are you still in discussions with GE for the final terms or have those been concluded?

**Jay Sutton:** No, we're still in discussion with GE on a partnership agreement and we're hoping to have that concluded shortly.

**Tania MacIver:** Okay. And then just on Dokie, I think in one of your comments you said you're looking at putting it into a future energy procurement process. That sounds like a slight change, in that you had a right to sort of negotiate with B.C. Hydro directly for a PPA for that project? Are you planning on submitting it to a future call process?

**John Carson:** It's really a case of both. And as Bruce stated: a procurement process, if there were one in the future, for example a regional call, which we consider to be a likelihood, we may be compelled, since it's not contracted yet, to put into that process. But in the meantime, as I had emphasized, we are still in regular dialogue with B.C. Hydro. And what we're doing is basically teeing up the project, having it ready to go. And I believe B.C. Hydro is appreciative of the fact that this is a basically ready-to-go project. So we continue, and we think that when an opportunity arises, we will be essentially one of the very first in line to get a PPA when the need is there. So we are active on that file.

**Ross Beaty:** I think, Tania, that the noise around B.C. Hydro right now is that they have adequate power for the foreseeable future, meaning the next two or three years.

**Tania MacIver:** Yeah.

**Ross Beaty:** Barring some real new load requirements from either the many mining projects that are moving forward, to the extent of those going to construction, when they will need more power than they currently have, and/or a number of the large LNG projects that are proposed for the Kitimat area, to the extent they move forward and require new electricity for the well-head requirements or the pumping requirements along the line or the conversion into LNG from natural gas in Kitimat, to the extent there's new load requirements for actual projects as opposed to simply proposed ones, then we will be ready with Dokie 2 to be able to meet that additional load requirement.

**Tania MacIver:** Okay. And is the... the timing is sort of 12 to 24 months from now to start construction? Is that reasonable or is it a little further out than that?

**John Carson:** If we had a PPA in hand today, then yeah, we'd be talking on the earlier end of that range that you just mentioned, since we are more advanced on the project. Putting in the track of the timeline of PPA, which again we don't have clarity on today, that becomes, yeah, a broader range, and your range is fine for a working range, I'd say.

**Tania MacIver:** Okay, perfect. Okay, great. Thanks, guys.

**Operator:** Your next question comes from the line of Gus Hochschild from Mirabaud Securities. Your line is now open.

**Gus Hochschild (Analyst, Mirabaud Securities):** Great, thank you. Ross, John, Peter, Bruce, thanks a million for the time.

A couple of questions, if I may. You've touched on several times now on these hydro assets in Iceland, but presumably, if you were to sell HS Orka, that would be part of the package.

Then in terms of other development assets, so Kittyhawk, I mean, is that the same as English Bay? So you'll forgive my ignorance, geographical ignorance. And do you have a feeling for how long the permitting process for that might be? And I'm mindful that if that were to go ahead, then immediately you would look to do things with your other wind assets in the province.

Now for a couple of rather more anal things, if I may, just looking at the accounts. One is that I'm a little bit confused about note four, the share of TMGP's other comprehensive loss of 2.6 million. So if you could be so kind perhaps, please, to explain that?

And then also, conversely, I'm very pleased to note the significant reduction over the six months in the G&A expenses from 11.8 to 7.8 million. Thanks a million.

**Ross Beaty:** Thanks, Gus. So while Peter and Linda are debating who's going to field your questions, the first answer is yes, the hydro assets in Iceland will go with the sale

to the extent it happens. And secondly, with early-stage projects in British Columbia we have an abundant pipeline and we are trying to prioritize which are the most low-risk projects, the ones that are most worthy of our effort and attention, and we've got a bunch of them. So that effort is active.

And between the wind and the hydro portfolio, you know, some are going to move up to the top once we complete that exercise, and we'll reveal the focus on those really more in 2013 than in 2012, I think.

But all of those wind assets through English Bay, they comprise a big portfolio of licenses. North end of Vancouver Island and some islands not too far from Kitimat in the B.C. coast north of Vancouver.

Moving to the financial questions, Peter?

**Peter Wong:** Sure, I'll let Linda answer the first question.

**Lynda (Alterra Power Corp):** Right. So hi, Gus. With regards to your question on other comprehensive income, this arises as a result of the Toba Montrose interest rate swap. So we have an interest rate swap which is just dealt with as hedge accounting for the purposes of the financial statements. So I don't know if you have a specific question on that, or whether you just wondered where the OCI came from.

**John Carson:** Yes, it's really just a reflection of movements of interest rates during the period that affect the value of the interest rate hedge.

**Peter Wong:** Yeah. Good afternoon, Gus. It's Peter here. As you may recall, Toba Montrose has a fixed-rate component of long-term debt and a floating rate. And we also have a hedge to fix that floating rate. And this amount is as a result of the interest rate fluctuations which we need to account through OCI.

**John Carson:** And the next question he had?

**Peter Wong:** Oh, yeah, the next question, Gus, I think you were asking just the decline in G&A. This is primarily due to two things. We had some transaction costs when we acquired Plutonic in May of last year, and also we had legal costs we were incurring with respect to the Nordural arbitration process. And so we don't have those two this year and that pretty well explains a significant percentage of the decline.

In addition, our admin cost has gone down. We've, I think, benefited from the efficiencies of combining the two entities.

**Gus Hochschild:** Wonderful. Thank you very much.

**Ross Beaty:** Thank you, Peter.

**John Carson:** Thank you.

**Operator:** Again, if you would like to ask a question, press \* then the number 1 on your telephone keypad.

Your next question comes from the line of Jared Alexander from Canaccord Genuity. Your line is now open.

**Jared Alexander (Analyst, Canaccord Genuity):** Good morning. My first question, I guess, is for Bruce. You just mentioned the work at Soda Lake, I think you said this fall. So sorry, I didn't quite catch it all. This is a planned well replacement that is going to improve production. Is that correct?

**Bruce Ripley:** Yeah, what it is is we've got two wells that we're putting replacement pumps in. So they're existing wells which we've got out at the plant, but we're replacing the pumps in them. And so we'll have greater geothermal fluid going through the plant. And as a result of the additional pumps in place, we'll have greater reliability in the whole system.

**Jared Alexander:** Okay. Can you provide any guidance on how production may improve from this work?

**Bruce Ripley:** We're talking in the order of, you know, potentially one megawatt.

**Jared Alexander:** One megawatt on average over the year? Okay. And then do you have a capital cost estimate on this project?

**Bruce Ripley:** Yeah, we do. I think it's... I don't have it at my fingertips, so perhaps we can take this offline.

**Jared Alexander:** Yes, sure, absolutely.

**Ross Beaty:** The order of magnitude maybe, Bruce, just...

**Bruce Ripley:** Several hundred thousand dollars per pump.

**Jared Alexander:** Per pump? Okay. Okay, great. Thanks for that.

Peter, I think my next question is for you. And I was just curious here. When I look at the Soda Lake results, looks like EBITDA is actually larger than revenue for the quarter, and I was just wondering what's driving that?

**Peter Wong:** Yeah, thanks for pointing that out. I think it's an issue with respect to how we allocate our G&A. We're revisiting how we're going to present that in the future. And then what I'll do is I'll get back to you on that. But you're correct. The numbers are anomalous with respect to Soda Lake. But one thing to keep in mind is the EBITDA numbers are correct. The total numbers are correct.

**John Carson:** Yeah, there really is just one number that moved.

**Peter Wong:** Yeah.

**John Carson:** From the Soda Lake EBITDA allocation for G&A. It's a small number, it's less than \$1 million, I believe.

**Peter Wong:** Yeah.

**John Carson:** The totals there are exactly correct.

**Peter Wong:** We'll present it better next time. Our apologies for that.

**Jared Alexander:** Okay. So going forward, though, we shouldn't see that unusual pattern I would assume?

**Peter Wong:** Yes.

**Jared Alexander:** Okay. Okay, great. And then just one last question here. At Dokie 2 there was some comment about MOUs and that an MOU hasn't been signed yet

with the Sauteau First Nation. I was just wondering if you can comment on whether negotiations are underway, if they're generally supportive, or actually really any colour you can add to that?

**John Carson:** Yeah. As you know, with each of the other First Nation bands, all of which are the same ones we have at Dokie 1, we have already completed that process. There is just the one remaining that you had mentioned. We are in regular dialogue with them. They are obviously supportive of our Dokie 1 project and we expect and look forward to engaging them as Dokie 2 comes closer and closer to fruition. So the file hasn't been extremely active lately, but it's moving forward as planned, and we anticipate no issues. It's a good relationship.

**Jared Alexander:** Okay, great. Those are my questions. Thank you.

**Ross Beaty:** Thanks, Jared.

**Operator:** Your next question comes from the line of John McIlveen from Jacob Securities. Your line is now open.

**John McIlveen (Analyst, Jacob Securities):** Yes, good morning. I was just want to chat about the geothermal for a second. So I take it, other than Iceland, that all the projects are on hold pending suitable partners at the project level?

**Ross Beaty:** Not really on hold, John. We are doing physical work on a number of them. We are working on early-stage work in Peru quite actively. We've had field crews in

Peru most of the year. And in Chile we have done physical work as well. We did an MT survey on the western half of the concession we hadn't done before. We expanded the MT program that was very successfully done previously. And this one as well was successful. We see an extended size of the heat anomaly there. And we think the resource is even bigger than we had previously expected, so that's good work.

And we did that in response to requests from one of the partners looking at partnering with us. But we completed the work in Q2 and are now, you know, obviously assessing that work in the current quarter while we're still trying to get to a partnership agreement.

**John Carson:** Yeah. And John, I'd just like to add on top of Ross' comment, the quantum on the activities that Ross described is very low. Most of these are well below \$1 million, these activities. We are saving the bigger activities that will move us more rapidly toward construction for the partnership stage with a new partner at those assets.

**John Mcilveen:** So you'll take them to the stage where it needs production wells perhaps or is it a little bit earlier than that?

**Ross Beaty:** Yeah, the idea is that we - the whole point of looking for a partner right now is to have a third party to finance the production wells.

**John Mcilveen:** What is the market like for potential partners like, you know, without naming names of course, are they the grid operators? Are they other developers?

**Ross Beaty:** You know, it's a little bit of everything, John. And when I say a little bit, there's not a lot of players in the space. Some of them are the established global geothermal operators in New Zealand, in Indonesia, in the Philippines, in the United States. Others are Chilean specific, for example, where they're utilities and they take a lot of education on what is geothermal and a lot of third-party advice on the pluses and minuses of the business.

We went down the road last year very, very, very far... right to the finish line, I'd say, with one of those Chilean utilities, and the project got shuttered at the very last minute due to something completely extraneous to the project. And that meant we had to kind of start at the beginning again this year.

And so it's really all over the map. I think Xstrata has announced involvement in a geothermal project in Chile with another party, a big mining company. So it's kind of a range, and very much in our thinking for Peru particularly, we are thinking of a PPA with an industry user as opposed to a grid PPA. And so it's very much site specific and potential partners are new, are in multiple categories of type of company.

**John Carson:** In the end, it really is a long process to undertake a partnership agreement such as this, as you can imagine. And every setback that we've experienced to date has been completely extraneous to the projects. One thing that hasn't changed is these are very strong resource projects that overlay very strong power markets to sell into. So the

attractiveness of the assets continues to attract potential partners and we do still work actively toward getting to the right partner in Chile and Peru.

**John Mcilveen:** Have you looked at insurance? And if so, what would be the cost?

**Ross Beaty:** We have not looked at insurance, John.

**John Mcilveen:** Okay. That's it. Thanks.

**Ross Beaty:** Thank you.

**Operator:** Your next question comes from the line of Gus Hochschild from Mirabaud Securities. Your line is now open.

**Gus Hochschild:** Yeah, hi. A follow-on question, if I may, in a similar sort of vein. I mean, how actively are you pursuing your licenses in Italy?

**Ross Beaty:** We are not pursuing it aggressively right now, Gus, for a corporate reason. And that will be resolved fairly shortly, I think within a month or so. So we haven't done much on the project. We have done some work this year. We did a gravity survey on one of the concessions, and we have a good team in Sienna, Italy that is working on these projects. But we haven't moved it towards the drilling stage, for example. We're doing some permitting work and lots of lots of surface geological work. But...

**John Carson:** No large budget.

**Ross Beaty:** ... no large budget expenditures in Italy.

**Gus Hochschild:** Sure. But I mean, are you talking again, presumably you would look to develop that again with a project partner, no?

**Ross Beaty:** Yes, in...

**Gus Hochschild:** In due course.

**Ross Beaty:** Yes, in due course. Yes. We would be very interested to do that, yes.

**Gus Hochschild:** Thank you.

**Ross Beaty:** And all of the partnership rationale is of course to spread risk.

**Gus Hochschild:** Yes.

**Ross Beaty:** You know, geothermal is a great, great source of electricity, base-load electricity production once it's running, but it does have the disadvantage of involving quite a bit of drilling risk, and that's what we like to partner out with a third party.

**Gus Hochschild:** Thank you.

**Operator:** There are no further questions. I turn the call back over to Mr. Beaty and Mr. Carson.

**Ross Beaty:** Anything else, John?

**John Carson:** I think that that's covered it.

**Ross Beaty:** Okay. With that, I think we'll close the call. And thank you again to everybody, both the management team here in Vancouver and Iceland and Nevada, who were here to help, and also everybody on the call that listened in and asked questions.

Thank you so much. Good day.

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

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