

FINAL TRANSCRIPT

Alterra Power Corp.

Fourth Quarter Results

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**CORPORATE PARTICIPANTS****Ross Beaty**

Alterra Power Corp. — Executive Chairman

John Carson

Alterra Power Corp. — Chief Executive Officer

Lynda Freeman

Alterra Power Corp. — Chief Financial Officer

Jay Sutton

Alterra Power Corp. — Vice President Hydro Power

Paul Rapp

Alterra Power Corp. — VP Wind and Geothermal

Murray Kroeker

Alterra Power Corp. — Vice President Solar Power and Engineering

CONFERENCE CALL PARTICIPANTS**Jeremy Mersereau**

National Bank Financial — Analyst

Andy Krystal

Royal Capital Management — Analyst

Robert Morrison

Private Investor

Jared Alexander

Canaccord Genuity — Analyst

Mike Plaster

Salman Partners — Analyst

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Alterra Power Corporation Fourth Quarter Results Conference Call.

At this time, all lines are in 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.

I would like to now remind everyone this call is being recorded on March 28, 2014.

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

Ross Beaty — Executive Chairman, Alterra Power Corp.

Thank you very much, Operator, and good morning, ladies and gentlemen. Thank you for joining us today as we report on our operational and financial results from the fourth quarter of 2013.

The first thing I want to do, as always, is remind you that we will be making a lot of forward-looking statements and we seek safe harbor, and we have a disclosure statement or a disclaimer statement in the second of our slides this morning, and that provides more details.

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First off, I want to introduce who's around the table here in Vancouver and on the telephone. Besides myself, we have John Carson, Alterra's CEO; Lynda Freeman, our CFO; Jay Sutton, Vice President Hydro; Paul Rapp, the Vice President Wind and Geothermal; and Murray Kroeker, Vice President of Solar and Engineering. On the telephone from Nevada we have Monte Morrison, who runs our Soda Lake operation; and from Iceland, Ásgeir Margeirsson, who's the Chief Executive Officer of HS Orka.

A couple of comments first and then I'll open it to John and he'll carry on. I also, of course, refer everybody to our website where we have our slides this morning showing the summary of what we'll be speaking to you today for anyone to look at as we go through things and to review after the call.

To sum up, the fourth quarter of 2013 was marked by steady operations. We had a good quarter for results from our six operations. We had good progress on a couple of our development projects, Jimmie Creek and Shannon, the wind project in Texas.

And we did a lot of housekeeping of our financial statements. We did a lot of reviewing of the carrying value of many of our development projects we've had on our books for a long time, and we did a housekeeping by writing off or writing down many of the historic costs in these projects which we feel are not immediate development assets for us. They're things that are on the back burner to a large degree, and it was the prudent thing to do to take a write-down, while at the same

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time, of course, retaining our interest in all the projects should they come back to a development mode in the future.

Our main operations are in good shape, and we've made good progress on some of our growth projects.

And with that, I'll ask John Carson to start off with describing these in more detail for everybody on the call today.

John Carson — Chief Executive Officer, Alterra Power Corp.

Thanks, Ross. And with that, I refer to Slide #4 in our presentation, which is on the website. And just wanted to briefly touch the highlights of what we've accomplished in 2013.

And I look at 2013 as a year of challenges for the Company. The biggest challenge we faced was a rockslide at one of our large assets, the Montrose Hydro asset, in the last month of 2012.

We dealt with that all through the year, and finally wrapped up repairs and replacements in September. That was a great accomplishment for the Company; a great accomplishment that was done in a very safe manner and a very deliberate and thoughtful manner by our team, and was also done in an expeditious manner. It took nine months, but I don't think it could have been done in a quicker way, and it took a lot of cooperation, teamwork, good leadership, and smarts.

So looking at our highlights. While meeting that major challenge, here's what we got done. Our fleet-wide generation was at 101 percent of budget, but that includes what we would have received at Montrose had the facility been running the whole year. We did get paid for that through

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our business interruption proceeds, so it's just the same as if it had been running; 101 percent, a great year of generation.

That resulted in increased revenue and cash flow and recurring EBITDA for the Company. The only reason that EBITDA wouldn't have been higher itself without the recurring portion is because of Montrose-related onetime events.

The third bullet there, again the Montrose facility repair has been completed. We have fully verified the asset is running just as it was before. It's back to full strength; a great achievement for the team.

Number four, we did have two asset sales this year. Number one, we bought and sold a solar asset, the ABW Solar asset, with a partner, GE EFS, and then we sold it to another partner, Fiera Axium. That was a sale, but we held the asset only three months. It was a propitious sale for us, bringing very quick and early returns on a project and bringing good value to shareholders. It's a great way to do business.

With Dokie 1, we sold half of our asset there, and again, this was to our existing partner there, Fiera Axium, who has proved has proved to be a very strong, good, reliable partner for us, and also a good business partner as both of these transactions suggest.

These asset sales were very accretive for us. The money that we got from these assets will be very effectively redeployed into our growth assets, causing the Company to grow larger on account of that; larger in terms of cash flow, EBITDA, and owned capacity.

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The next bullet. We completed several geothermal joint ventures during the year. In Chile, for our largest geothermal development asset, we completed a \$60 million partnership with our partner EDC, Energy Development Corporation, a Philippine-based company, and we are full speed ahead. There have been major activities on-site, road build out, et cetera, and we expect to commence substantial drilling activities at the end of this calendar year.

In Peru, which is earlier stage, we had the same partner there, Energy Development Resources, and again, full steam ahead, but on much earlier stage activities there.

And lastly, we also partnered out with a company called Graziella Green Power in Italy. So a lot of deal activity in 2013 that really puts the Company in good place with well-capitalized partners to move those earlier projects forward.

Next to last we advanced our growth assets, echoing what Ross has just mentioned, especially our two most prominent growth assets: Shannon Wind and Jimmie Creek Hydro, which we'll speak to shortly. And finally, that set the stage for very strong, I believe, organic growth for this company in 2014.

How will we fund those things? We've mentioned many times that we've been working toward a holding company level financing for the Company. We continue down that pathway, and we feel optimistic this year. And that's the best and cheapest source of capital that this company can get. We're really excited about where the Company can go in 2014.

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With that, I'd like to turn it over to our Chief Financial Officer, Lynda Freeman, who will give you a financial summary for the year.

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 consolidated results of the Company.

Consistent with the comparative quarter and the comparative year, the Company continues to consolidate 100 percent of the results at HS Orka and Soda Lake, while the Company's interest in Toba Montrose and Dokie 1 are accounted for as equity investments. You will also note for three months our results also included our 10 percent interest in the ABW Solar facility prior to its sale in November 2013.

Starting my presentation on the fourth quarter consolidated results; Slide 5 for those of you following the presentation. Revenue was marginally up quarter on quarter, but the gross profit margin fell to 21.7 percent, due to planned maintenance at HS Orka.

The equity pickups decreased against the comparative quarter by 3.9 million, predominantly due to expensing 4.4 million onetime cost in relation to the Toba Montrose rockslide. The most significant changes against the comparative quarter also impact the year-on-year results and are addressed in more detail on the next few slides, namely gains from strategic asset sales and write-downs in the year.

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Firstly with regards to strategic asset sales on Slide 6. As John has previously mentioned, in November, Alterra sold its 10 percent interest in the ABW Solar project to Fiera Axium for proceeds of 9.8 million. The Company recognized a pretax gain on the sale of 2.8 million in the year, resulting in nearly 40 percent gain in just three months.

Then in December, Alterra sold half of its 51 percent interest in Dokie 1. This was sold to Fiera Axium for cash proceeds of 26.8 million, plus up to a total of CDN \$2.3 million over the next three years, subject to asset performance. The Company recognized a pretax gain on the sale of 17.6 million in the year. The Company retains a 25.5 percent interest in Dokie 1 and continues to operate and manage the project.

Secondly, with regards to write-downs in the quarter and the full 12-month period, Slide 7 provides a listing of the write-downs taken. In the fourth quarter, a total of 117.6 million in write-offs were taken and 120.5 million for the whole year. The most significant write-downs relate to hydro assets in B.C., specifically Bute Inlet, Upper Toba River, and a number of smaller hydro projects, for a total write-down of 63.5 million. These assets were written down due to a decline in the market outlook for renewable energy as a result of the new BC government Integrated Resource Plan.

In addition to this, we wrote down the Soda Lake operating facility to 12 million and the US geothermal asset to 4.5 million, resulting in a 34 million write-off. This was as a result of recent market indicators of fair value.

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And we wrote off the Icelandic geothermal development asset by 18.9 million due to decreased opportunities for power cells in Iceland at this time. In addition to these write-downs, a total of 3.4 million was written off in relation to joint venture agreements in Chile, Peru, and Italy.

Despite these significant write-downs in the year, the Company continues to explore and collect data for the hydro assets in BC and the geothermal assets in Iceland, and may look to develop these projects in the future when the market outlook improves. Until that time, any future costs will be expensed as they are incurred.

Now moving on to Slide 8, annual results. Consolidated revenue increased by 4.6 percent due to the new sales contract entered into by HS Orka in late 2012 and early 2013. This revenue increase at HS Orka was partially offset by a decrease in aluminum-linked revenue, as the price of aluminum was on average 8 percent lower than the prior year.

Gross profit fell year on year from 23.7 to 20.3, due most significantly to planned cleaning and repair of two geothermal wells in the year.

Earnings from our equity interest increased significantly against the comparative year, although this is most predominantly due to the inclusion of property insurance proceeds from the Toba Montrose rockslide of 10.4 million.

The Montrose facility was off-line until September 22nd, due to the damage incurred as a result of the December 13, 2012 rockslide. During the year, proceeds from the insurance claims are recognized in equity income in Alterra's statement of operations, and reflects both business

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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.

An explanation for the 146.3 million loss from other income and expenses in the year has largely been explained previously, and is due most significantly to the write-downs of operating and development costs of 120.5 million in the year. In addition to this, there was a noncash loss of 21.7 million due to the movement in the fair value of the embedded derivative in the year.

Moving on to Slides 9 and 10, 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 interest in HS Orka; 40 percent interest in Toba Montrose; 51 percent interest in Dokie 1 to December 19, 2013, and 25.5 percent thereafter; 100 percent interest in Soda Lake; and for three months, our 10 percent interest in ABW Solar.

As shown in the slides, revenue remained stable year on year when including Toba Montrose's business interruption proceeds of 7.2 million. EBITDA remained stable for all operations with the exception of Toba Montrose, and this reduction of 5.1 million was due to a onetime write-off of 4.4 million related to the rockslide.

I should highlight that the EBITDA numbers reported here and elsewhere for Toba Montrose do not include property insurance proceeds of 10.4 million, but do include business interruption insurance proceeds of 7.2 million.

John Carson

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And, Lynda, let me just say that the practical reason for that is the business interruption proceeds just reflect what the asset would have been paid had the water been allowed to flow normally, so very appropriate that we account for it that way.

Lynda Freeman

Absolutely. The following slide on Page 11 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 in the year and the Canadian dollar weakening over the same period.

Total assets fell by 79 million, due largely to the write-down of the operating and development assets; the sale of 25.5 percent of Dokie 1, and these are offset by investments in geothermal development properties of 26.7 million, which were previously recorded in geothermal development costs; and finally, an increase in the investment of Toba Montrose of 12.5 million, due to recognition of the Company's share of income in the period, which includes the 10.4 million of property insurance proceeds.

Total liabilities remained relatively stable, with the repayment of debt in the year offset by increases in the noncash fair value of the embedded derivative.

The reduction in working capital was primarily due to movements in the short-term portion of the noncash embedded derivative and higher accounts payable at year-end, due to spend on property, plant, and equipment, and development assets such as Jimmie Creek.

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The long-term debt position is analyzed on the next slide, Slide 12, and further information on projected debt service is contained in Appendix 2 to this presentation.

As at December 31, 2013, the Company's net interest in long-term project debt was 295.2 million. The total represents 172.1 million held at Toba Montrose, 41 million at Dokie 1, and 82.1 million at HS Orka. During the year, a total net interest in principal repayment of 35.5 million and interest of 19.5 million was made by the project.

In addition to project debt, the Company also holds 124.1 million in long-term bonds that were assumed and are secured on the holding of HS Orka. Interest paid on the bonds was 3.3 million in the year.

That concludes my update for the year, and I will now hand you back to John.

John Carson

Thanks very much, Lynda. A lot of good things to report there in 2013.

With that, let's go over and look at each of our individual assets in the portfolio; first, our operating assets and then our growth assets.

Jay Sutton, our VP of Hydro Power, can you please start us off with the Toba Montrose hydro asset?

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

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Thanks, John. Referring to Slide 13, Toba Montrose had a solid year in 2013, receiving 104 percent of the annual forecast generation, reflecting the actual generation at Toba and pro forma generation at Montrose.

Generation in the fourth quarter of 2013 was 52 percent of the forecast. However, this was offset by significantly higher than forecast generation in the second and third quarters of 2013.

As mentioned in our last call, the Montrose facility was placed back into service in late September, and the crews completed the additional protection measures and site restoration work and demobilized from the site in October. We continue to monitor the slope, and are pleased to report there has been no further movement since the rockslide originally occurred late in 2012.

Our generating equipment performed very well in 2013 with no significant issues aside from the penstock repairs at Montrose. We've just completed our annual maintenance on both of the facilities, and all four of the generators are ready and available for the upcoming high-generation season, which typically starts in late April.

Finally, we've been working with insurers over the past quarter, and are in the process of placing additional earth movement insurance coverage, which we expect will allow us to remove the current restrictions and permit distributions in the second half of 2014.

That's all I have for TMGP, John. Back over to you.

John Carson

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Thanks, Jay. With that, let's take a look at our wind and our geothermal assets with Paul Rapp, our VP of Wind and Geothermal, and I'll remind our folks who are with us today on the call, it was about one year ago exactly today when we announced that Paul would be also taking over our Geothermal, and also Murray Kroeker, who'll speak in a moment, would be appointed to Solar. So it's been a great year for each of them in these roles.

With that, Paul, can you start us off with Dokie?

Paul Rapp — VP Wind and Geothermal, Alterra Power Corp.

Thanks very much, John. I refer everyone to Slide 14 for the Dokie 1 wind farm. Dokie performed slightly below plan in 2013, producing 301.3 gigawatt hours of electricity, which is 92 percent of the budgeted generation, primarily due to lower than planned wind in July, September, and December.

The Dokie wind turbines performed well throughout the year, and our turbine operator, Vestas, continued to exceed their contractual guaranteed wind turbine availability. The balance of plant equipment also performed well with no issues, and the plant continues to maintain a sound environmental and safety record.

John Carson

Thanks, Paul. One thing I'd also like to remind everyone of is that although we were 91 percent last year for wind, this year to date as of two days ago when I last saw the numbers, we are at 102 percent for the year, so off to a good start in 2014.

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**Paul Rapp**

That's correct, John. Okay. Moving on to Slide 15 to our geothermal assets, starting with Soda Lake.

At Soda Lake the plant generated 67.2 gigawatt hours in 2013, or 98 percent of budgeted generation. All turbine generators and production wells performed well in 2013 with no equipment or resource issues, and the plant continues to meet or exceed all safety and environmental requirements.

On to Slide 16 for our Iceland assets at Svartsengi and Reykjanes. First of all, a management change occurred at year-end, with Ásgeir Margeirsson moving from his previous position as Chairman of the Board of HS Orka to take on the new role as CEO with the retirement of former CEO, Júlíus Jónsson. We are very excited to be working closely with Ásgeir in the operations of HS Orka.

So in 2013, both Svartsengi and Reykjanes plants performed well, and production was 102 percent of budget, or 1,280 gigawatt hours. The main highlight in Iceland was work continuing in 2013 on the Reykjanes geothermal field; a new production well, RN-31, which was drilled in late 2012, was connected in Q2 2013, and continues to provide strong steam supply to the plant; testing of well RN-32, which was drilled in spring 2013, was started and continues today in anticipation of future connections to the plant; drilling for a third well, a fluid reinjection well, RN-33, was completed northeast of the existing Reykjanes field. A test reinjection program is currently

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underway to evaluate the ability of the well to provide pressure support in the Reykjanes field, and this program is expected to continue into Q2 or Q3 of this year.

And with that, I will pass it back over to John.

John Carson

Thanks, Paul. The last thing I'd like to highlight on that slide, just before we leave it, is that we have brought a couple of our smaller geothermal units back into service, and the capacity for the Svartsengi plant is back up to 74.4 megawatt hours.

Let's move on then to Solar. Murray Kroeker?

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

Thanks, John. 2013 was a successful year for Solar at Alterra with the development and purchase of our first solar project, the ABW project in August, and the subsequent sale in November to Fiera Axium. We are continuing to look at other profitable solar opportunities in North America and around the world.

Thanks, John.

John Carson

Very good. For those of you who may be wondering how are we keeping Murray busy these days on our team without a solar asset currently in hand. Number one, we're scouting of course in the right places for new solar opportunities for the Company. Number two, he is fully engaged also in supporting us on our two growth assets, Jimmie Creek and Shannon wind.

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So with that, I'd like to turn our attention to those growth assets on Slide 18. The Jimmie Creek hydro asset, the first thing I want to show you there is a picture that I took last time I was up there.

This is just a small portion of the glacial watershed. It is a truly astoundingly large glacial watershed at Jimmie Creek. The asset there, the water battery, is amazingly large, not to mention just the annual flow that you get from typical snow and precipitation. So it's quite a—it will be a very extremely long lived asset for sure.

We now own, as the bullets indicate, 100 percent of this project. In March, we closed the transaction with our former partner there, GE, a very friendly transaction, and so now we own 100 percent.

We've advanced the project forward recently. We just got our full construction permits, and we've actually begun certain preconstruction activities, a bit of camp activity, a bit of access road construction, and tree clearing. So there are some early stage activities occurring at the site.

SNC-Lavalin is the contractor we've chosen for when we move this project forward to early deliver it or manage the construction of it under an EPCM, or managed model. This is really how almost all hydro projects are built today, so we're following a good pathway, an economic pathway, but a very safe pathway as well, and a well-proven pathway. We consider SNC-Lavalin to be one of the premier, if not the premier, entity to partner with us in delivering this asset.

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Lastly, we are still in discussions with project lenders and with a potential new partner there. These are all parties with which we're well familiar with and having good progress moving things forward on this project.

With that, let's go to Slide 19 and talk about Shannon wind. And likewise there, the very first bullet is we now own 100 percent of this. We didn't publish the numbers, I don't believe, in our financials, Lynda? It was an immaterial amount of cash.

We will pay—the developer will receive a nice fee when this project is delivered, as is very typical and as is appropriate here, and we're very excited about this transaction.

We've entered into an exclusivity agreement since we've last met with the analysts here with a very large energy infrastructure fund, one whom we've known for years. We will hold a variable amount, which will be up to us as to how much we want to own in the transaction up to 50 percent of the wind farm.

So we're working full-steam ahead. Just had calls, East Coast-based calls this morning before this meeting with our partner and with prospective financiers, et cetera. So this file is extremely active. We have a very large team working on both this transaction and the Jimmie Creek transaction.

Ongoing activities. Just mentioned we're finalizing major project contracts. We're documenting our offtake, the cornerstone, really, the economic cornerstone for the project, which we anticipate will be a 13-year power hedge PPA. The recent market movements as of just this

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morning, there's been a nice little run-up, so we're pleased with where the economics sit for the plant for the power hedge.

On financing, we're every day involved with our construction lenders, with our tax equity partners, and moving this forward. And we didn't put it on this slide, but right now I'd anticipate closing around May 30th.

December 13th we did some construction work that we feel will qualify Shannon wind for USA production tax credits, or PTCs, and more importantly then we feel that we'll get the job done. We had three law firms tell us it would get done; brought in several consultants. We have a very solid case for where we are with the production tax credits.

Next, 76 percent of the power output from the project will be contracted through the power hedge I mentioned earlier.

Finally, we plan to commence commercial operations for the project in mid-2015. There on the right you see a picture of some of the work that was done in December. Again, very excited about this, and a major focus for the Company.

Slip to the last slide there on Page 20. You'll see a listing of our other growth projects. This is not substantially different from last time. These are the longer time frame projects; just a couple of updates there.

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The Peru geothermal partnerships now total \$14 million with our partner there, EDC. In Italy, we did close the partnership, which we hadn't last time. So you can look through. A few detailed changes here, but otherwise this is our longer-stage pipeline.

In addition to this, wherever you see that we're looking at other early stage opportunities, this is where we're looking at projects like what we did with Shannon wind this past year. And I'd like to take just one moment to describe what we did with Shannon wind last year.

We looked at a lot of early stage developers, local developers, and others who had projects they were willing to turn over to someone with more financing expertise, mid-stage and late-stage development expertise, contract negotiation and structuring, and construction management expertise. This is what we have as a company.

We can take the original position of land leases and mould them, shape them, bring them up to the point of financial closing, and make a very extremely valuable strip of cash flows long term with reliable contractual offtake. That's the value that we create is taking some smarts, some land positions, and a whole lot of work and making something that's very valuable. And that's what the Company really is all about.

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

Ross Beaty

Thanks, John. Peter, can you go back to the growth slide? I just wanted to remind our listeners that in spite of the noncash write-down we took on a lot of these growth projects, as I said

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at the start we still own them and what is needed for accounting purposes is not necessarily permanent.

And so if in 2014, for example, looking just at British Columbia, the real juggernaut in this province is the development of liquefied natural gas business. There are many, many proposals for converting natural gas to liquefied natural gas for export, and this is a massively important set of projects for the province and huge amount of efforts being done on a lot of fronts.

So the whole issue of power needs for the Province of British Columbia related to the LNG business is still up in the air, the big question being whether these operations will use gas drive for their power needs to liquefy, compress and liquefy the natural gas for export, or how much will they take off the grid.

And therefore, even though BC Hydro put out an integrated resource plan in the fall of 2013 that more or less suggested that BC's full up for power for the next 10 years, it didn't include much of an estimate for the power required from the LNG operations, such as they may be. And the reason for that is because by last fall they hadn't been quantified in any way or firmed up.

But as these projects move through the permitting process, the engineering and planning process, and for some of you, the political process as to whether they'll be required or themselves decide to use electric drive or electricity for the ancillary operations of the pumping and piping, the construction requirements, and municipal requirements for power, it's my guess that the power needs for British Columbia will be significantly higher than has been stated in the Integrated

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Resource Plan. And it may well be that some of our development projects will be called on for development over the five to ten years, and we can bring these back into the active file as opposed to the on standby file.

Similarly, there's one we missed here, which is a couple of hydro projects in Iceland that are owned by HS Orka. And those are quite active as well, being moved along the process for development, all the things that are needed, and it may be that some of those come forward.

Similarly in Iceland, there may be a new power requirement for either the new smelter, if we can end up resolving our differences with Nordural for new Helguvík plant in Iceland and bring these projects to a much more rapid development stage. We hope that'll be the case, but at the moment they're sufficiently uncertain, and we had to take the write-down from the standpoint of our balance sheet.

I don't really have anything more. I really think the presentation today was good. I thank all of the members of the management team around the table. You've made a very clear presentation, I think.

We do have a very complicated set of financial statements. It's just one of those things, and I think Lynda, especially, has done heroic job of trying to make those into plain English for people like me to understand, and she's done a good job on that.

I hope we have answered most questions that our analysts and interested shareholders might have for us today through the simplification of these complicated financial statements in the

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summary slides today. But apart from that, I think I'll end the call here and open the call to questions from anybody to explain anything else that we're doing that we haven't described well enough today.

So thank you very much for listening, and that'll be the end of the formal part of the call.

Operator, we'll open it up to questions now. Thank you, all.

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, and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press the *, followed by the 2. If you are using a speakerphone, please lift the handset before pressing any keys. One moment, please, for your first question.

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

Jeremy Mersereau — National Bank Financial

Hello, everyone. Just wanted to start with the write-downs; just wondering if you could outline what the plant and equipment write-down was?

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**Lynda Freeman**

Yes. That's just purely we took a fair value of the Soda Lake facility, so we have the Soda Lake facility on our books and it was sitting in property, plant, and equipment, and we obviously consolidate Soda Lake, but the biggest asset, obviously, of Soda Lake is the PP&E. So that was sitting on our books at just over 34 million, and so we wrote that down to the 20.2 million now.

And in addition to that, there was also a small write-down in Chile relating to a camp that we had there. When we moved over to equity accounting for Chile on signing the agreement with EDC, we had to write off the value on our books. Does that answer your question?

Jeremy Mersereau

Yes. It does. Yeah. Do you think you'll be able to fund both the Jimmie Creek and Shannon with the cash and company credit? Or will you look to sell any additional assets?

John Carson

No, we don't feel the need to sell any further assets. It doesn't mean we might not have a modest sale or two in the future, but the matter of needing one, no, we would only sell one strategically.

We really are looking at, as I've mentioned several times, a holding company level financing, and I think, Jeremy, you're familiar with that structure where we wrap a bundle of operating assets into one holding company and put the financing there. The quantum that we're

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looking at from multiple lenders on that instrument is high enough that we don't need to do anything else we feel finance-wise to finance Jimmie Creek or Shannon.

Jeremy Mersereau

Great. And I think you said that we might hear of the financing at Shannon in May or so. Do you think we'll hear more terms, like ownership percentage and whatever else by next quarter then? Or...

John Carson

Yeah. You'll hear that, but you probably won't hear the ownership percentage till right about when we financial close. It's really a decision, and we've structured the deal such then and our partner is happy to let us structure it this way. We can write our own cheque size; I may have indicated that.

So it will depend on exactly what we're spending on Jimmie Creek at that point, what we're doing in the rest of the business, but it's nice to have that flexibility that we can write basically whatever cheque size we want into Shannon wind.

Jeremy Mersereau

And approximately when would we hear that then?

John Carson

Yeah. So again, my target when I'd like to close the project, when we'd like to close, is May 30th of this year.

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**Jeremy Mersereau**

I see.

John Carson

Could easily stretch into June, but right now May 30th. We just had a call this morning and said we're really going to try to target that and get all of our stakeholders and financiers to target that date.

Ross Beaty

So we'll disclose that stuff at that time. So it should be Q2, Jeremy.

Jeremy Mersereau

Okay. And just finally before I leave, I just wanted to know if you talked with EDC lately about their ability to pay for the exploration since the typhoon?

John Carson

Yeah. Really you'd have to look to them and their reports, but we've seen no indication of lack of will to go forward or lack of anything to go forward. We just had them in our offices a week and a half ago; very productive meetings.

Paul, any other colour to add? We've got nothing but green lights from EDC.

Paul Rapp

Yeah. No, what John said. They are very active, as John said, in the field building—or building and refurbishing roads and refurbishing the camp on site right now in anticipation of

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getting out next summer and building drill pads. And they did provide a very extensive presentation on their plans for drilling, so as John said, all systems are go and they are very enthusiastic about the project.

Jeremy Mersereau

Okay. Great. Thank you.

John Carson

Thanks, Jeremy.

Operator

Your next question comes from Andy Krystal from Royal Capital Management. Please go ahead.

Andy Krystal — Royal Capital Management

Hey. Good morning.

John Carson

Good morning, Andy.

Andy Krystal

I was just wondering in terms of the dividends that you received, you received two: one from Blue Lagoon and one from HS Orka. Those were repatriated back to Canada back to the holding company level?

Ross Beaty

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Lynda?

Lynda Freeman

Yeah. Those ones actually we used them to pay our interest on our Magma Energy Sweden bond, so the bonds that we hold partly in Icelandic kroner and party in US dollars. So they were used for funds, but they would have been repatriated back to Canada if it wasn't for the fact we had a use for them in Iceland.

John Carson

It was part of that \$3.3 million that we paid...

Lynda Freeman

Correct. Correct.

Andy Krystal

Okay. Sure. And is there going to be any fair level of dividends that we should expect going forward from those two companies? Or is it going to be highly variable, just depending on cash needs of the business or whatnot?

Ross Beaty

The Blue Lagoon right now is the one source that we can provide dividends to the parent, to Alterra, without restriction, and we are planning to do that again this year. We expect in 2014 a higher dividend than in 2013, as the operations of Blue Lagoon in 2013 were extraordinarily strong. That business is just hitting better and better milestones every year.

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It's tremendously valuable, and it's extremely well run and anybody who is on this call, whoever goes to Iceland, I'm certain will go to visit the Blue Lagoon. It's a beautiful facility and we own 33 percent of it, and are very proud to be owners of Iceland's number one tourist attraction. It had over 530,000 people visiting it last year, and this is pretty remarkable for a country that only has 330,000 inhabitants.

John Carson

Further on dividends, it's important to look at our debt service at HS Orka, which we've emphasized this several times, you'll see in 2017 and following the debt service falls off significantly. At that time you should expect to see larger distributable money coming out of the assets to us, and those are standard operating distributions. There's no currency restrictions or anything else on exporting those currencies out of Iceland.

Andy Krystal

Sure. Okay. And would it be possible for you to provide a number in Icelandic krona of the amount of the dividends that were dividend?

Lynda Freeman

I'll have to get back to you on...

John Carson

In the past year?

Lynda Freeman

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You mean in the past year?

Andy Krystal

Yeah. During 2013.

Lynda Freeman

Yeah. I don't know it off the top of my head, but I can...

John Beaty

Maybe Ásgeir knows it. Ásgeir, do you have that number off the top of your head? Or maybe can you find it and we'll get back to you before the end of the call.

Andy Krystal

Perfect. Okay. And just in terms of the restrictions on the Icelandic bank, so dividends there's no restrictions on repatriating that money, but an asset sale there would be restrictions?

John Carson

There could be, correct.

Andy Krystal

Okay. Perfect. Okay. Yeah. That's it. Thank you so much.

Ross Beaty

Thank you.

John Carson

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One thing you might want to keep in mind, Andy, is that an asset sale, whether it would be restricted or not, would depend on where that asset sale occurred. If we were to sell our interest in Iceland, if Iceland were to sell Icelandic interests, yeah, there would be currency restrictions. If we were to sell our assets from outside of the Company, for example, our Swedish holding company, you wouldn't face those types of restrictions.

Andy Krystal

Okay. Sure. Great.

Operator

Your next question comes from Robert Morrison, a private investor. Please go ahead.

Robert Morrison — Private Investor

Hi. Thanks. I was reading an article recently from North American Windpower, which talked about some of the technological improvements in turbines in terms of how that might affect the economics of a wind project. Particularly, they talked about the lengthening of turbine blades. And I'm just wondering if there's anything you can say about how that's affected your determination to go into the Shannon project and how it might affect the economics of that?

Paul Rapp

Sure. It's Paul Rapp here. I'll take that question. Yes. There has been a significant increase in efficiency of wind turbines over the last few years, and it's primarily driven by more efficient generators and better technology for the longer blades. So the wind turbines you're seeing

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deployed right now in particular in sort of mid-range wind areas like Texas, where we are, you typically have very large blades to better utilize the wind and extract more energy.

And so just to compare, our Dokie wind farm, the blade, the rotor diameter is 90 metres. The anticipated turbines we're going to use at Shannon wind are 103 metres, so an additional 13 metres in rotor diameter. And what you're seeing now is a ramp-up in the capacity factor of the wind turbines across the industry. And it's quite common now to get capacity factors in the mid-45 percent range, where five to eight years ago you'd be doing well to get something in the 30 to 35 percent range. So better technology, longer blades, better extraction of the energy from the wind. So you're absolutely right, and that's exactly the ramp-up in efficiency that we're utilizing at Shannon.

Robert Morrison

Right. Okay. One other thing, and pardon me if this is in the public statements, I'm wondering also if you can elaborate at all on the power purchasing terms that you have, particularly in British Columbia and in Texas? And I know you have an arrangement in British Columbia which maybe helps you the fact that it's clean energy. Is there anything like that, aside from tax issues, in Texas? Or are you really more just at the mercy of the market?

John Carson

No. It's really just the tax credits and the tax benefits. The other good things about Texas and why you've seen so many people go there is that our prices are good. There's a lot of demand

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for power in Texas. Texas has some of the thinnest reserve margins in North America. That means that they just don't have a whole lot of power past what they could need at a peak demand time.

So that's why a lot of people are in Texas. There's no other benefits, though, economic benefits, besides the US production tax credit.

Robert Morrison

Right. Okay. And if I could squeeze in one other quick question and that's with regard to the idea down the road potentially of doing wind power for liquefied natural gas, just if you could comment on this? I would think that would be a particularly sensible use for wind power if there was sufficient gas storage on site and could be done in an off-grid way because as long as you got sufficient gas storage, it doesn't really matter whether the wind is blowing at 2:00 a.m. in the morning or 4:00 p.m. in the afternoon because you'd just keep converting to—you have some flexibility in the timetable in terms of which the natural gas is liquefied. Is that the kind of thing that you envisage?

Ross Beaty

We agree with what you say, and that's very much up to the utility and the gas operators, but—or the LNG operators, but certainly from the British Columbia standpoint, there's tremendous scope for using wind power in Northern BC for the LNG business. Really, it's off the grid, but it really bolsters—what you say is absolutely correct.

Robert Morrison

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Right. Okay. Thanks so much.

Operator

Your next question comes from Jared Alexander with Canaccord Genuity. Please go ahead.

Jared Alexander — Canaccord Genuity

Good morning. I was just wondering, could you confirm for me the fourth quarter net interest EBITDA was about negative 300,000? I just want to make sure we're backing out the right numbers here, given the confusion around head office and exploration expenses in Q1.

Lynda Freeman

Yeah. We actually haven't presented the fourth quarter net EBITDA, so I can come back to you on that one. We've shown the annual EBITDA numbers for net interest, but if you need to know the fourth quarter, I can get that information to you later today.

Jared Alexander

Okay. That would be great. Thank you. And then just turning to Shannon wind; like I know on past calls you haven't wanted to divulge a lot of details at this point, which I completely understand, but you're now spending money on it; definitely looks like you're proceeding with it. So I think we should start thinking a little more seriously about the value of this project is. So could you at least maybe provide a rough IRR range, if possible?

Ross Beaty

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I would love—John will have something to say here, but my quick comment is just give us one quarter because if we can get the financial close in Q2, we'll know exactly the level at which we will be participating; number two, the amount of capital which we'll be allocating, and therefore, number three, the value—we know what target IRR we have, but it's kind of meaningless until you know the quantum of capital we're going to deploy in this.

Beyond that, John, do you have anything to add?

John Carson

No. I was just going to state what our typical target returns are. For wind, we like to get gross to mid-teens. People will do deals a lot lower than that, but we're approaching them and that's our target here—it remains our target at Shannon wind.

Jared Alexander

Okay. Great. I'll look forward to talking to you next quarter then. Thanks. Those are my questions.

Ross Beaty

Thank you very much. Thank you.

Operator

Your next question comes from Mike Plaster with Salman Partners. Please go ahead.

Mike Plaster — Salman Partners

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Thanks very much. Good morning, everyone. Just a couple questions for me; continuing on with the Shannon wind, I guess just looking at it for now on say a 100 percent basis, how do you see the weighting of the CapEx of that 12-month build time? Is it kind of spread evenly over the 12 months? Or would it be more front-end weighted?

John Carson

No, it's a little more—it probably is even overall. We do have a couple of payments upfront, and then mid-stage during construction we start to get in for substantial turbine payments. The turbines are 70 percent of the deal.

Paul, do I about have it right?

Paul Rapp

Yeah. No, that sounds right.

Mike Plaster

Okay. Thanks. And on Jimmie Creek, you said, I guess, in your earlier comments about making good progress there with potential partners. Is it still your expectation that you could hit financial close on that and construction start to kind of later in Q2? Or what's the expectation now?

John Carson

Yeah. No, we didn't put anything, a date per se in the book. Let us revert to you on that. We're right in the middle of a bunch of processes on that, so as soon as the dust kind of clears we will get back to you with a target date.

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Mike Plaster

Okay. Fair enough. Thank you.

Operator

Ladies and gentlemen, as a reminder, should you have a question, please press the *, followed by the 1.

Mr. Beaty, there are no further questions at this time. Please proceed.

Ross Beaty

Okay. Thank you, Operator. We have one answer to one of the questions. Go ahead, Lynda.

Lynda Freeman

Yeah. The question was asked what was—in ISK, what were the distributions issued in 2013? So HS Orka issued a distribution of ISK 150 million, of which Alterra got the 66.6 percent share of that, so two-thirds, and in 2013, HS Orka received 217 million in distributions from the Blue Lagoon. Hopefully that answers the question.

Ross Beaty

Very good. Thanks, Lynda. And thanks again to all who are listening and to all of the management team who've contributed here, and to Ásgeir and Monte for standing by and not having to do anything.

So with that, I will end the call and thank you again, and have a good day.

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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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