

FINAL TRANSCRIPT

Alterra Power Corp.

Second Quarter Results

Event Date/Time: August 13, 2013 — 11:30 a.m. E.T.

Length: 50 minutes

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

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***Paul Rapp***Alterra Power Corp. — VP Wind Power***Murray Kroeker***Alterra Power Corp. — VP Solar Power and Engineering***Ásgeir Margeirsson***Alterra Power Corp. — Icelandic Country Manager and Chairman of HS Orka***CONFERENCE CALL PARTICIPANTS****Jeremy Mersereau***National Bank Financial — Analyst***Jared Alexander***Canaccord — Analyst***Aram Fuchs***Fertilemind Capital — Analyst*

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

PRESENTATION**Operator**

Good morning, ladies and gentlemen, and welcome to the Alterra Power Corporation's second 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 at any time.

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

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

Ross Beaty — Executive Chairman, Alterra Power Corp.

Hello, everybody, and thank you very much, Operator. Good morning. Welcome to Alterra's Q2 conference call to discuss our financial and operating results for the last quarter. Thank you very much for joining us today.

First, I want to remind you that we will be making a number of forward-looking statements for which we seek Safe Harbor, as described in our news release and web presentation. You can access the web presentation right now by going to www.alterrapower.ca and following the links included there.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Joining me on the call today are John Carson, our CEO; Lynda Freeman, our CFO; Paul Rapp, our VP of Wind and Geothermal Power; and Murray Kroeker, our VP Solar and Engineering. Standing by for questions are Ásgeir Margeirsson in Iceland and Monte Morrison in Nevada.

I'd like to ask John, Lynda, and Paul to lead us through our Q2 results, and then I'll wrap up and go to questions. Over to you, John.

John Carson — Chief Executive Officer, Alterra Power Corp.

Thanks, Ross. We just completed a quarter with extremely positive operating results. We were at 92 percent of plan, and that's with one of our facilities offline for repairs during the period. If that facility had been operating, we would have been at 103 percent. So it was really another good quarter, indicative of our strong resources at our renewable energy power plants and of our well-run operations by our team.

With that, I want to turn it over to our operations team for a review of those operations, beginning with Paul Rapp. Paul's our VP of Wind and—excuse me. Before we get to operations, Lynda's reminding me we're going to start with the financials.

I'm going to start with Lynda, our CFO, to walk us through the financials before we turn to the ops.

Lynda Freeman — Chief Financial Officer, Alterra Power Corp.

Thanks, John, and good morning to everyone. I'm going to commence my presentation with a discussion on the second quarter consolidated results of the Company.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Consistent with the previous quarter ended March 31, 2013 and the comparative quarter ended June 30, 2012, the Company continues to consolidate 100 percent of the results of HS Orka and Soda Lake, while the Company's interests in Toba Montrose and Dokie 1 are accounted for as equity investments.

For those of you that are following the presentation on our website, I refer you to Slide 4, consolidated results for the second quarter of 2013. As demonstrated and explained on the slide, consolidated revenue is up 6.3 percent against the comparative quarter of 15.1 million versus 14.2 million in the comparative quarter.

This increase is due to new power contracts entered into in late 2012 and early 2013 at HS Orka and increased generation at Soda Lake, due to an additional production well that was put in service late in 2012.

The gross profit margin decreased against the comparative quarter from 21.8 percent down to 13.2 percent due to work-over and maintenance work required on two production wells at HS Orka.

During the second quarter, the Company recognized a net equity profit of 7.2 percent against a profit of 2.1 million for the same quarter of 2012, representing the Company's interest in Toba Montrose, Dokie 1, and the Blue Lagoon. This increase in profit was predominantly due to the recognition of 4.1 million related to property insurance proceeds on the Montrose rockslide, in

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

addition to higher revenues at Dokie 1, due to the timing of wind generation as the pricing of the power purchase agreement fluctuates month over month.

The Montrose facility continued to be offline during the entire quarter, 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 will be recognized in equity income in Alterra's statement of operations and will reflect both business interruption proceeds and reimbursement of repair costs over and above the original cost of the penstock component.

The original cost of the asset component was 0.8 million, and was written off at December 31, 2012. I refer you to Appendix 1, which details more information regarding the accounting for the rockslide repair.

For the three months ended June 30, 2013, 4.1 million and 1.9 million is recorded in equity income, representing reimbursement of repair costs and business interruption proceeds, respectively.

Moving on from the rockslide. Included within other income and expenses are general administrative costs, which reduced by 32 percent from 3.8 million to 2.6 million against the comparative quarter. Recurring general administrative expenses have declined quarter on quarter, and this was primarily due to nonrecurring costs associated with a reduction in personnel in the period in addition to movements on the HS Orka pension liability.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Our consolidated results continue to be affected significantly by noncash movements in the embedded derivatives and bonds payable, both affected by the forward aluminum price. Movements in both these balances are reflected in other income and expenses. The end result was a loss before tax of 3.9 million against an 11.3 million loss in the 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 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; and 100 percent interest in Soda Lake.

As shown in the slides, we are continuing to demonstrate the consistency of our operating assets and corresponding operating results. Specifically, revenue and EBITDA increased marginally quarter on quarter when including the Toba Montrose business interruption proceeds of \$2 million, primarily due to higher revenues at HS Orka and Dokie 1.

The EBITDA numbers reported here and elsewhere for Toba Montrose do not include the 4.1 million in rockslide-related insurance proceeds for repair costs discussed above.

Generation was down 3 percent quarter on quarter, due to the Montrose Creek facility being offline for the entire period. However, as John mentioned, on inclusion of the loss generation from Montrose Creek of 35,301 megawatt hours, which is attributed for cancellation of business

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

interruption insurance proceeds, generation was actually up 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 June 30th against December 31st and the Canadian dollar weakening over the same period.

Total assets increased by 2 percent, in part due to foreign exchange, in addition to an increase in cash in the period predominantly due to a draw on the revolving credit facility. Total liabilities fluctuate significantly due to noncash movements in the value of the embedded derivatives, a movement of 27.7 million against December 31, 2012. Other fluctuations and liabilities are due to repayment 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 as June 30, 2013. At December 31, 2012, this was recorded as a long-term liability.

The long-term debt position is analyzed on the next slide, Slide 8. As at June 30, 2013, the Company's net interest in long-term project debt was 345.7 million, showing a steady decline in project debt from 369.6 million at December. This project debt figure represents 175.8 million held at Toba Montrose, 84.5 million at Dokie 1, and 85.4 million at HS Orka.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

During the quarter, principal repayments of 2.9 million and 0.7 million were made against the HS Orka debt and Dokie 1 debt, respectively, and in accordance with the credit agreement of Toba Montrose, no repayments were made in the period. Interest payments of 4.9 million were made during the quarter, reflecting 2.8 million at Toba Montrose, 1.5 million at Dokie 1, and 0.6 million at HS Orka.

In addition to project debt, the Company also holds 116.8 million in long-term bonds that were assumed and are secured on the holding of HS Orka and 19.3 in a revolving line of credit.

That concludes my update on the first (sic) (second) quarter, and I now hand you back to John.

John Carson

Great. Thanks for that update, Lynda. And one of the things that you mentioned there that I'm pleased to see is that during the first half of the year, to echo your statistic, we have paid down \$25 million of our noncorporate project debt, including significant paydowns at our Icelandic subsidiary, HS Orka.

And I would remind listeners to look at the Appendix 2 in this presentation, and if you do look at Appendix 2 you'll note that our HS Orka, or Icelandic facility, you'll see significant debt paydowns occurring over the next five years and then you'll see them dropping after that.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

What that's significant for is that we will have a lot of cash flow coming out of the Iceland operations in about five years after we've retired the preponderance of the debt there, so again, a good theme to see for our project debt.

With that, I will move on now to operations, and Paul, our VP of Wind and Geothermal, please give us an update from your side of the assets.

Paul Rapp — VP Wind Power, Alterra Power Corp.

Thanks very much, John, and good morning to everyone. I'm happy to report on the continued strong performance at our wind and geothermal facilities.

Starting with Dokie 1. The Dokie wind farm performed well in Q2 2013, producing 64.5 gigawatt hours of electricity or 95 percent of the budgeted generation. Production remains on track, and at the end of Q2 we were at 99 percent of our budgeted generation year to date.

The Dokie wind turbines performed well in Q2 and our turbine operator, Vestas, continued to exceed their contractual guaranteed wind turbine availability. The balance of plant equipment, such as our substation and transmission line, also performed well and have no issues.

At the end of Q2, Dokie received confirmation from regulatory agencies that we have met all our provincial environmental assessment certificate commitments for post-construction at avifauna or bird or bat monitoring. The monitoring results confirmed pre-construction estimates that the Dokie wind turbines would have minimal impact on both birds and bats. We're very happy to receive those final results.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Moving on now to geothermal. Soda Lake in Nevada, as of the end of June, the plant is generating at 99.5 percent of the budgeted generation year to date, and all turbine generators and production wells are currently performing well with no issues. Really, it's business as usual at Soda Lake.

In Iceland, at our Svarstengi and our Reykjanes plants, both plants performed well in Q2, producing 304 gigawatt hours total. The year-to-date production was at 101 percent of budget generation at the end of Q2.

In Q2, a significant amount of work was carried out on the Reykjanes geothermal field. A new production well, RN-31, which was drilled in late 2012 and early 2013, was connected to the Reykjanes plant and is producing.

A second new well, RN-32 was completed this year, and is currently heating up prior to flow testing in September. This well is expected to provide additional reserve capacity.

Work-over or rehabilitation of an existing well, RN-22, was completed. This well is also being allowed to heat up prior to flow testing, and is expected to provide additional steam for the plant. Drilling for a fluid reinjection well, RN-33, has commenced to the northeast of the existing field, and will be completed later this year.

And that's my update for wind and geothermal. John, I'll pass it back over to you.

John Carson

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Great. And then let's turn to solar for the solar side of the business. And Murray Kroeker, our VP of Solar and Engineering, will give us an update there.

Murray Kroeker — VP Solar Power and Engineering, Alterra Power Corp.

Good morning. I direct you to Page 12 of the presentation. The solar plant, ABW, which is a 50 megawatt plant at three sites in Southern Ontario, is expected to close for purchase in the third quarter of 2013. The current estimated purchase price for that project is \$7.2 million.

Just a reminder, the plant has achieved full commercial operation, and we will be co-owning the plant with General Electric Financial Services, with Alterra having a 10 percent ownership stake in the project. We will be the—provide the administrative services for the project.

John Carson

Great. And we hope to close that transaction very soon. With that, we're going to turn to hydro and our VP of Hydro, Jay Sutton, is actually in transit today and not able to join us. So I will stand in for him around the hydro assets.

First of all, looking at the Toba Montrose plant. As we mentioned earlier, second quarter generation and actual generation was down and under budget for the period due to the penstock outage at the Montrose plant.

However, as we've made clear in other presentations, we are receiving business interruption proceeds for the attributed generation that would have occurred, given the water flows over that period. And that's why we can tell you that though generation for the period was at

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

92 percent, actually with the inclusion of the attributed generation for which we do receive payment that number increases to 103 percent. And that's a good indicator of the strength of the resource at the plant.

At the East Toba plant in particular, you see there that we are at 106 percent of our forecast generation and year to date. And actually since early June all through the summer, both of our units at the East Toba plant, which is the larger of the two plants at the Toba Montrose facility, have been at maximum capacity.

And there in the presentation on Page 13, you see a photograph of the East Toba intake there at one of the periods of high flows there with water actually spilling over because there's so much water there. So it's great to see that both of the units have been at maximum capacity now for months, and we hope that that continues.

Let's turn to the Montrose penstock repair work. The work there is continuing. An excavation to access the penstock is nearly complete. The damaged penstock is being and has been removed to allow for installation of the replacement penstock. To date, about 30 percent of the replacement penstock sections have now been installed and welded, and we're now backfilling.

One of the key aspects that we're doing in association with the repair is the installation of protective berms. These will be in select locations around the project, and this will mitigate against damage that might be caused by future earth movements, rockslides, et cetera.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

So we think and hope that these berms will prevent an incident like this from occurring in the future, and indeed had they been installed prior to this rockslide, it may not—the damage may not have occurred. But certainly we are advised that the likelihood or the increased protection provided by the berms in the areas in which they are applied, which are the vulnerable areas, is about five-fold or 500 percent. So that's part of the good news going forward in additional protections that we're including here.

Our expected return to service is in second half of 2013. It could be as early as September, but we're really just positioning for the second half.

We do note that insurance costs are expected to rise significantly. We are in final discussion with our insurance broker to secure reinsurance of the plants, including for landslide coverage, and we expect to have a new coverage in place by our September renewal date.

With that, I'd like to turn to our growth opportunities. And I'll start, again, keeping the theme of hydro with what remains our number one growth opportunity, the Jimmie Creek hydro facility.

The Jimmie Creek facility is a 62-megawatt capacity plant, and we believe that we'll have 114 gigawatt hours on an annual average basis to be produced from this plant.

You'll recall that this plant was earlier a 124-megawatt capacity plant. It was a two-fold plant, much like the Toba Montrose facility. It was planned to be this facility, the Jimmie Creek, plus the Upper Toba River facility.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

We're now in negotiations with BC Hydro to actually reduce the size of our PPA. We are currently drafting and finalizing an amendment, which we expect to finalize here within a couple of weeks, and that will cap the contract at 62 megawatts, which will accommodate a full Jimmie Creek capacity.

At this time, we are not going to be building a plant under that PPA for the Upper Toba River facility. With that, we've also agreed to a revised in-service date for the Jimmie Creek plant of May 1, 2016, and I'll speak about that again in just a moment.

The other positive aspect to this project, as we've emphasized before, is that it is fully permitted, environment assessment has been granted, and it will have a lot of operating synergies with the nearby Toba Montrose facility. It will share, for example, staff and facilities. So there will be plenty of synergies to be realized by being positioned at both these plants, which literally overlay each other geographically.

I'd also like to reemphasize again we had the rockslide occur at the Montrose facility, which is a bit more subject to rockslides. And again, in response to that, we have installed the protective berms, which I described earlier.

The East Toba site, the larger site of the Toba Montrose facility, again, has much less severe terrain. It's really much safer in all respects, though we've increased the safety, as I mentioned before, on the Toba side. But I say all of that to underline the fact that the Jimmie Creek

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

side is really much more analogous and similar to the East Toba side of the Toba Montrose facility, i.e., it will be much less subject to landslides or rockslides in the first place.

As we look forward to owning a share of this plant, we still project, as we have, that we will be a 51 percent owner in the end. Our estimate of equity required for that 51 percent ownership interest will be somewhere in the neighbourhood of 20 million to \$30 million. Our target source for financing Jimmie Creek hydro remains a holding company financing, and we are in advanced stages at executing a holding company financing. It's likely that the execution of that financing may dovetail with timing on Jimmie Creek, but we'll hold forth on that for now.

We're currently in a limited notice to proceed for pre-construction activities under a managed EPC for engineering procurement and construction contract situation, which SNC-Lavalin will manage on our behalf. And the full proceed timing on that contract and on the full construction is to be determined at this time.

One of the things that we have disclosed in our MD&A is that the increase in insurance costs at Toba Montrose will likewise have some effect on the Jimmie Creek costs, so we're going to finalize what those costs will be to finalize our pro forma and proceed. In the meantime, though, we're several turns into term sheets with prospective lenders for the Jimmie Creek project, and we're very positive looking forward to that.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

With our revised in-service date of May 1, 2016, we do have a bit of flexibility on timing the beginning of construction for the plant, and that's why we've indicated here that the full proceed timing or that is the notice to proceed in full construction is to be announced.

With that, let's go to Slide 15, and talk to our other growth opportunities. First in Iceland, our Reykjanes units 3 and 4 expansion, which has been planned for some time. We have an 80-megawatt project design there, and we actually have the 50-megawatt turbine for the first part of that project design on site fully purchased.

As we've stated before, the permit has been finalized, and the environmental impact assessment has been finalized; all good to go there. However, the timing for start of construction there depends on a few items.

Number one, this has been a long-standing item, we need to finalize our power sales arrangements with the local aluminum smelter there, Nordural, which is a subsidiary of Century Aluminum. We do have an existing PPA, but it needs some amendments or adjustments before we finalize it and move forward.

Once we've done that we will move immediately into project financing, which outside of there is another item. We don't feel that project financing will be overly daunting once we have the PPA adjustments in place.

However, we've also listed a third item there. As Paul has mentioned earlier in today's presentation, and as we've disclosed in our financials, we have begun a reinjection program at the

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Reykjanes geothermal field this year. We do want to see what the results of that reinjection program are before we finalize the project design and just how and where production wells will be located, et cetera. So we will wait to see those results before we finalize our time line for Reykjanes 3 and 4.

So as you see, given those three items, the time for starting at Reykjanes 3 and 4 is currently to be determined.

Turning then to the Dokie 2 wind farm. And this is basically just next door to our Dokie 1 wind farm, which really has been a successful story for us on the asset side for sure. This is a 156-megawatt permanent wind farm and GE EFS, as they are at Dokie 1, will stand to be our 49 percent partner there.

The wind resource there is strong. We have a lot of met towers on site there to measure the resource that now have done a full turn over a full year of cycling for data, so we should have very robust data when we get to a PPA and get to build this project. And the wind resource there, given the types of turbines that are available today that weren't available when we built the Dokie 1 facility, should ensure that we have a significantly higher capacity factor at Dokie 2 versus Dokie 1.

The PPA there, or the power purchase agreement, will be the most significant aspect of the farm that's not yet in place. We are in dialogue with BC Hydro on a regular basis. However, overall we think that this PPA won't occur until certain growth catalysts are realized within British Columbia, and foremost among those is liquefied natural gas or LNG plants.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

As most of you are aware, there is a good prospect that LNG facilities will be developed and constructed and put into operations over the next several years within British Columbia, and when that happens we believe we'll have a good chance to complete the contracting of the wind farm and build it.

Let's look at our other active projects, which we've mentioned at the bottom of the page. First of all on wind, I haven't mentioned our coastal BC assets. They're in a little bit slower motion right now pending those same growth catalysts, but I have mentioned a new opportunity in the US in Texas.

We've closed and agreed to an exclusivity with a potential codeveloper on a 2013 opportunity, and our team is working very hard right now as to fully elucidate or realize whether that opportunity is worth closing on. And so there'll be further updates there this year. Right now it looks like an interesting prospect for us.

Turning to the geothermal side. We did finalize our agreement with EDC in the quarter. And subsequent to the quarter, all of our companies are put into place, and we're very excited about the fact that we have an earn-in partnership finalized with EDC, one of the world's largest geothermal developers, a very cash-rich partner, and we plan to drill with them on the site in late 2014. So we're very excited about that partnership, and we may even be growing that partnership a bit with a few of our other assets. So stay tuned there.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

One asset that didn't make it here was our Italian early stage geothermal assets. We're actually in a late-stage partnership discussion there, and we may have an announcement there for those early stage assets, which are a much smaller part of the Company.

Then to the solar side. Note there we have actually stopped pursuing the AG Solar One partnership. The parties were working toward definitive arrangements, but realized along the way that we were just determined go separate ways on that one. So that partnership is no longer being pursued by the Company. In the wake of that, though, we are looking at other USA solar opportunities as well. That activity will continue.

So that wraps up our growth opportunities and what we're looking at as a company. Again, just in summary, the operations were strong. I think there's a lot of good things in our financials. We continue to get our debt numbers down. And so I'm excited about where the Company is.

We do face challenges, as every company does, but we definitely have a team that's up to meet those challenges.

With all of that, Ross, I'll turn it over to you for—to summarize us.

Ross Beaty

Good. Thank you, John. Thanks very much. So I think everybody's got a pretty clear message from our team.

Our operations are producing steady, predictable, and positive financial results. We have plenty of growth opportunities, though it is taking some time to progress them, with Jimmie Creek our most advanced.

We continue to have multiple ways to finance our growth, and we will pull the trigger on one or another as and when needed. Our management team is leaner and our administration cost lower, but we are fully capable of executing our growth plans as needed. We remain a significant clean energy producer with a strong pipeline, and we will steadily grow this as time goes on.

One comment about our Iceland asset HS Orka. We had signalled having received some expressions of interest a year ago at a purchase of our—considering to purchase of our stake there.

Since then we've worked through a number of alternatives, but as 2013 has progressed, one of the big value drivers for both existing production revenue and future expansion revenue has been the world aluminum price, which has relentlessly drifted lower by almost 15 percent. At today's price, we've decided to hold any sale in advance as opposed to seeking a low value proposition, and see what happens in the coming year. HS Orka is a premium geothermal asset, and we are very proud and pleased to hold it and manage it for the long term as we had always planned.

Our share price remains a fraction of our breakup value. This will be better recognized in the future when we expect a significant revaluation upward will occur either as we divest specific assets or as the market better values our total asset package, including our development pipeline.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

With that, I think I'll conclude the management presentation and open the call to questions.

Operator, please open the call at this time. Thank you very much.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press *, 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 that they are received. Should you wish to decline from the following process, please press *, 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 Jeremy Mersereau from National Bank Financial. Please go ahead.

Jeremy Mersereau — National Bank Financial

Yes. Hello, everyone. Just wondering if you can tell us what you think the magnitude is with respect to the added insurance at Montrose post the expiry.

Ross Beaty

John?

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

John Carson

Yeah. Thanks for that, Jeremy. At this time we don't have the numbers finalized, but we feel we're getting a bandwidth on them. Those costs were sub-\$1 million per year prior to or in the current period where we are. We expect those costs to certainly get above \$1 million per year. They will be in low single digits, if anything, but that's about the extent of where we expect them to be, but you'll see later where those stand by.

One of the things though, Jeremy, since you've mentioned it that I want to mention is that those increased costs, which I've just mentioned, we pretty thoroughly expect those to be a one-year outlier event of increased insurance costs, and there's some reasons for that. We're currently in the process of completing an all-new complete valley risk assessment basically looking at all portions of the valley to assess what risks are there for future rock slides, et cetera.

We'll have this completed shortly, and there will likely be a second study engaged as well. Both of those will really give future years of insurance more certainty on the really—the low risks of future rockslides here on the plant. As we've expressed before, our consultant for the projects has calculated the risk or the likelihood of the event that occurred to be a 1 in 100 to 1 in 1,000 year event, so it's extremely unlikely that it would happen again within the life of the project.

There are also a couple of other aspects which will really tend to lower those costs right back down we believe in the subsequent periods. Primary among those are the fact that I had mentioned we're installing protective berms at the most vulnerable locations, the most vulnerable

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

locations to rockslides and earth movement. We expect a five-fold improvement at each of those locations in safety, again, as calculated or estimated by our consultant.

And so we believe with those significant enhancements, which will be in place for the next insurance renewal period but are not in place today, we believe those will significantly reduce our costs.

Finally, we will have fully completed the repairs of the current facility and have established water flow, so the combination of all of those events makes us pretty certain that we'll have much lower insurance cost in the subsequent period. So that's where we are on insurance.

Jeremy Mersereau

Okay. I guess following the same line then, you said that the insurer is reviewing eligible costs. Again, just wondering what order of magnitude we could see there reducing the amount that they would pay out for the—for the missed production and the capital costs?

John Carson

Yeah. Great, Jeremy. We expect any gap to be minimal. We actually expect and hope it to be zero. If it is something else we don't expect anything to be more than a modest amount.

So we have no basis really to make an estimate, other than to state we're pretty strongly confident that if there is any amount it will be a modest amount of gap between claims and coverage.

Jeremy Mersereau

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Okay. As far as the solar project, I realize that this is a small item, but just wondering why the cost, the purchase price climbed to 7.2 million from 6 million?

John Carson

Why it increased to 7 from approximately 6?

Jeremy Mersereau

Yeah.

John Carson

Yeah. Really just a resetting of the deal; just the parties—there were several factors involved. There were negotiations around that; nothing too disruptive. However, clearly we liked 6 better than 7, so 7 is a bit of a disappointment. The good part about it is we're still really into nice returns on that modest holding, so happy to own it and still a deal that really anyone would do, so even though with that small increase, which we didn't care for, just a result of negotiations and a bit of reframing on the deal.

Jeremy Mersereau

And finally at HS Orka; with the added production that you've got with the drilling that you're doing today, what happens to that production? Is it sold to your existing customers? Or remind me what happens?

John Carson

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Yeah. We have a contracting procedure at that facility, both of those facilities actually, the Reykjanes facility and the Svarstengi facility. We have contracting seasons there for a large portion of our contracting. About currently 60 percent of our generation is performed under the shorter-term contracts, such as two-year contracts.

So each season we sell contract—sell power under those contracts, once our generation is increased at either Svarstengi or Reykjanes, we're able to engage in more of those contracts. And that's what occurred this year, and that's why we've had increased revenues at the HS Orka facility this year. We've had increased generation to meet increased contractual success that we had this past year.

If you look at our company versus other companies and competitors in the Icelandic marketplace, we have a long track record of success at contracting on the short-term basis, which complements our long-term contracts with HS Nordural and Landsvirkjun.

Jeremy Mersereau

Great. Thank you.

Operator

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

Jared Alexander — Canaccord

Thank you. I just wanted to start with HS Orka and specifically with the fluid reinjection program. Can you give us any kind of range on potential costs around that program?

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Ross Beaty

Jeremy, maybe we'll get our manager in Iceland to answer that. Ásgeir, if you're able to access the call here could you give Jared some colour on that?

Ásgeir Margeirsson — Icelandic Country Manager and Chairman of HS Orka, Alterra Power Corp.

Yes. Ross, thank you. The plan that we're doing now includes studies and scientific work on the field, as was explained a bit earlier. Plus the drilling of well RN-33, which was also explained, and the budget for that drilling is about \$4 million for the well.

The other costs are minimal compared to drilling operations, so the bulk of it is the well 33 at \$4 million and some scientific and exploratory work along that, so just tracer tests and other monitoring work, so just a little bit on top of the drilling of well 33.

Ross Beaty

Great. Thanks, Ásgeir. The other thing I should mention is the drilling of that particular well, RN-33, is in a relatively new area that will be quite interesting for us to look at from an exploration standpoint because it could potentially be a new reservoir area. And so that hole is not only a reinjection hole potential site, but also potentially a production site.

So we'll see what happens, but that result will come in probably October, November, and we'll talk about it probably next quarter on the call.

Jared Alexander

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Okay. Great. Thanks for that. And then just related to that, I know, John, you mentioned the timing on Reykjanes 3 and 4 is to be determined. I know at one time we were kind of thinking early 2016. Does that push that out? Is 2016 too aggressive now?

John Carson

Early 2016 is probably the earliest possible. I'm really thinking that by the time we get these results, as Ross said, even just from the new injection well that we'll be drilling that we won't have firm results on that till very late in the calendar year. So it's tough to see it in the very beginning of 2016. It's really more likely at the earliest going to be later in 2016, but the punch line really is standby for reassessment on timing once we've had a chance to look at those results and hopefully to resolve our contractual differences with our power purchaser.

Ross Beaty

And the other thing I might mention, John, is or, Jared, is the other swing factor that's influencing timing is global aluminum prices. I mean right now at the bottom of the market with too much uncertainty as to where aluminum prices are going to go, really there's no profitability in the expansion case as under the current thinking on the PPA.

And so if aluminum prices were to go up we'd get things going much more aggressively than we are today. It just isn't sensible to be starting an expansion at the bottom of the market when you have a revenue base that's leveraged for the price of aluminum. If that changes then we could advance it much more quickly. And it's a tremendous shame because so much work's been

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

done on this project, both by us and the aluminum company counterpart, but it is what it is and we just have to accept it.

That's why, as I said, we're not going to sell the asset, and when we get the bottom price and we're not going to do an expansion when we can't get a decent return on it. So that's just the way it goes.

Jared Alexander

Okay. Ross, just following that, can you give any kind of range of aluminum price that you would think you'd require to really dive into those expansions?

Ross Beaty

Not really. The—it's not only the aluminum price. There's other issues, but it's dominantly the aluminum price, and of course the most fundamentally it's the negotiated price between us and the offtaker. And we haven't managed to reconcile that in three years of discussion. So that's a question mark. It will be dependent on things like cost of capital in the expansion and other factors that bear on profitability, but that is still a discussion we are engaged in and have been engaged in for extensive periods, and have not yet been able to resolve.

Jared Alexander

Okay. Great. Thanks for that. If I can just ask one last question, shifting gears here a bit to the Texas project. I appreciate you can't really tell me much in the way of details here, but can you tell me is this a fully contracted project? Or are you considering merchant exposure in Texas?

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Ross Beaty

I'm thinking it's probably a little bit early to be talking about any details on that project, Jared. If you don't mind, we'll just duck that and say when we get through our own detailed due diligence and really want to proceed and intend to proceed and have financing lined up to proceed, we'll come out with all the details that we have.

At the moment, it's a very interesting opportunity, but I think that's probably all we need to say about it. Thanks.

Jared Alexander

Okay. Thanks for that. Those are my questions.

Ross Beaty

Yeah. Sorry about that. I think we'll just leave that for a future call.

Operator

Your next question comes from Aram Fuchs from Fertilemind Capital. Please go ahead.

Aram Fuchs — Fertilemind Capital

Aram Fuchs, Fertilemind Capital. Ross, the last couple calls you've mentioned the observation that spinning assets (unintelligible) to your price and development assets are underpriced. It seems that there hasn't been a move to sell off some of the staying assets and the development side of things is not progressing. Is that still what you're seeing there? And can you in that context talk about Greenbriar and what went on there? If you can give a few more details, and

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

it seems—my observation is that development and assets are also getting quite dear in prices, and I'm wondering if you can kind of change that observation from what you've seen the last six months?

Ross Beaty

Sure. Well, it's very true that, like what you said, that today operating assets are dearly priced, and at the same time development assets are somewhat—there's kind of two prices for those. There's early stage ones, which have very little value, and there's more advanced ones, which yes, I would agree with you there are some that are also highly priced and seem to be attractive to a great number of participants in the renewable energy space.

So we have to compete with lots of people, and we are not interested in low return assets, and that's why you haven't seen us do too many deals in the last couple of years. We've certainly looked at lots, but we haven't jumped on them.

We did proceed with the Greenbriar deal because it looked interesting, and as you could imagine, sometimes with projects where there are two equal parties you need to work together very closely and resolve issues. And it was apparent really early on in that relationship that we had different views of the future and different views of how to operate, and we just both felt that the best way to deal with that was exit immediately as opposed to continue and aim at a relationship that might not be optimal.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

So as soon as we came to that realization we just said, let's pull the plug and recover all monies expended and let Greenbriar have the project. They initiated it, and wanted us to come in on terms that, as I said, we had some difference of opinion on. So that was the end of that.

There are other—we like the project. I'll say we do like solar a lot. The reason that we have our ABW Solar project in Ontario is so that we could learn about solar. It's a very small asset and it's got a decent return, but it's not very material on a total return basis for us, and yet it has been a great learning experience for us to understand solar.

So we do like solar and if we saw the right project again we would get into in, and that was what we thought we saw with the Greenbriar opportunity, but it just didn't—it's sometimes better to pull the pin on these things early on than maintain what might be an awkward relationship. We wish them well and I know they wish us well, and we're quite amicable at this point in time. That's the bottom line there.

Aram Fuchs

Okay. And on your observation that you're selling below breakup value, some of these spinning assets, if you look at the prices paid, are quite attractive and I've noticed that you've bought a bunch of shares in the open market. Is there any change there? Are the prices—have they gone down? Or are you amenable to putting some of these assets up for sale in the not so distant future?

Ross Beaty

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Sure. Well, you could imagine we have this conversation I wouldn't say daily, but very frequently and at every single Board meeting we have. And there's some pressure on us and some individuals and owners of us to divest some of our assets, and actually realize the values that are very much in excess of our current trading price.

We haven't needed a lot of capital. What we have needed we have been able to access through the revolving facility that is in place for exactly this purpose to kind of establish a bridge until we need larger amounts of capital, and then can access those through one of the alternatives available to us, such as either the holdco financing or alternatively a sale of assets.

Now we have been working and thinking we might be selling our Icelandic asset for a decent price last year especially and earlier this year, and if that had happened, of course we would have no interest and no need to do any kind of holdco financing. We would have eliminated the bridge and had a considerable amount of capital to put into other development projects or simply to hold as a cash reserve for potential dividends and other purposes.

And that was something that was always out there. We've had plenty of interest in our Canadian assets. As you might remember, last fall GE divested its stake in the Toba Montrose asset and the—and its Dokie assets for a significant multiple over what our share price is reflecting today.

And we have always a chance to do that, either selectively or individually or in part. We could sell a portion of either asset, and to the extent we need capital for Jimmie Creek or for another construction project somewhere else, we might consider doing that. We would have to

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

have a very much improved rate of return than we have right now, and we'd have to make sure the transaction fit into the model we have for ourselves, which is as an owner and operator of renewable energy projects, a company with a revenue base from operations, and an opportunity to provide a long-term sustainable cash flow to our shareholders through the form of a dividend in due course.

And when you sell operating assets, of course, you impair that long-term strategy, but there is a time and a place to do it, and we've certainly looked at lots of alternatives. And we will continue to look at that as the year progresses and we advance things like Jimmie Creek to financial close.

Any other comments on that, John?

John Carson

No, Ross. I think you hit the major points there. Thanks.

Ross Beaty

Okay.

Aram Fuchs

Great. Thanks.

Operator

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

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

There are no further questions at this time. Please proceed.

Ross Beaty

Okay. Thank you, Operator. Well, we have a quiet group of questioners. I suppose that reflects either a perfect presentation or the summer doldrums happening right now, but in any case I'd like to thank all of you for listening, and all of our management team for their presentations.

We are certainly available if anyone has any follow-up questions over the phone; just give us a call at our office.

And with that, thank you very much for joining us today, and the call is now at an end.

Operator

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