



CLEAN • EFFICIENT • ALTERNATIVE ENERGY SOLUTIONS



Life WITHOUT
Landfills





CLEAN · EFFICIENT · ALTERNATIVE ENERGY SOLUTIONS

WHO WE ARE

Alter NRG provides alternative energy solutions through its wholly owned subsidiary Westinghouse Plasma Corporation. The Westinghouse Plasma technology is the industry leader with many reference facilities, a robust commercial history and large scale solutions. The technology is able to transform all types of waste, from household waste to hazardous waste, and convert it into many different types of useful, renewable energy such as electricity, replacing higher cost fuel oil or liquefied natural gas, or even create diesel fuel or ethanol. THAT is how we create LIFE WITHOUT LANDFILLS.

OUR VISION

To provide the leading technology platform for converting the world's waste into clean energy for a healthier planet.

OUR MISSION

As the industry leader, we will forge and dominate an industry segment that transforms current waste management practices. We build shareholder value by enabling our customers to convert waste into clean energy by providing plasma gasification products, services and solutions that are innovative and environmentally friendly.



Westinghouse Plasma Corporation

a division of Alter NRG Corp

The Westinghouse Plasma Technology is the industry leader with a significant commercial history of plants that turn household waste into clean energy operating since 2002. New scaled up facilities, constructed by a Fortune 500 Company, will process approximately 1000 tonnes per day. This is the size and scale that is able to completely replace an average landfill site. In addition, current hazardous waste destruction facilities are able to process more than 500 hazardous waste streams. **Simply put, the Westinghouse Plasma Technology has better environmental performance as well as having strong project economics due to the higher efficiency.**

2014 ANNUAL REPORT

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Life WITHOUT Landfills

Alter NRG Corp. provides alternative energy solutions that meet the growing demand for environmentally responsible and economically viable energy in world markets. We are working to replace landfills with the most energy efficient and environmentally sustainable waste-to-energy solutions.

TODAY'S WASTE CHALLENGES

[LANDFILLING AND POLLUTION]

Facts are that landfills cause:

- Greenhouse gas emissions, both CO₂ and methane
- Unnecessary land occupation
- Water contamination through leaching
- Emissions that contain hazardous air pollutants that can be dangerous
- Clean up issues for future generations

Impacts:

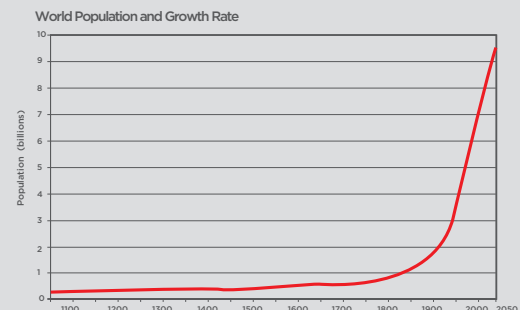
Global methane emissions from landfills are about:

750 million

metric tonnes of CO₂ equivalents (MMTCO₂E)

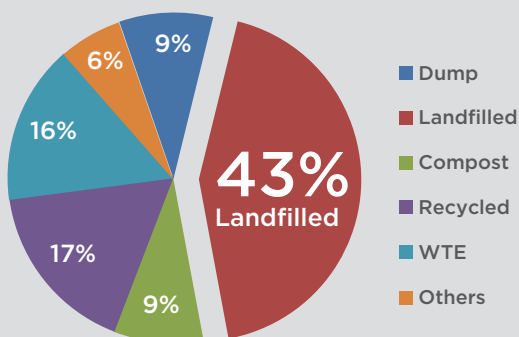
(Source: Global Methane Initiative, 2011)

World population growth impacts waste generation (estimates in billions):



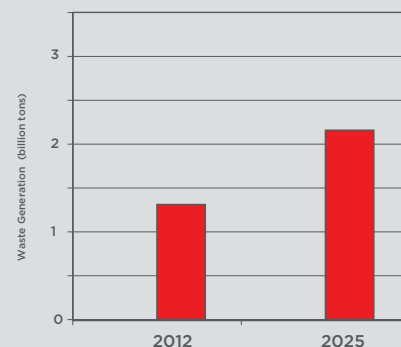
(Source: UN Population, 2014)

Most of the world's MSW is landfilled (approximate, million tpy):



(Source: World Bank, 2012)

MSW generation (billion tpy):



(Source: World Bank, 2012)

“Waste generation levels are expected to grow by 69% by 2025”.

— World Bank Study, 2012

TODAY'S WASTE SOLUTION

[WESTINGHOUSE PLASMA GASIFICATION TECHNOLOGY]

OUR TECHNOLOGY:

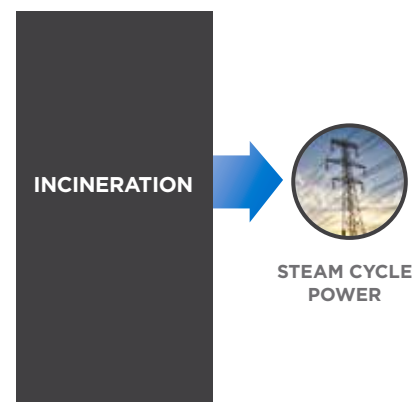
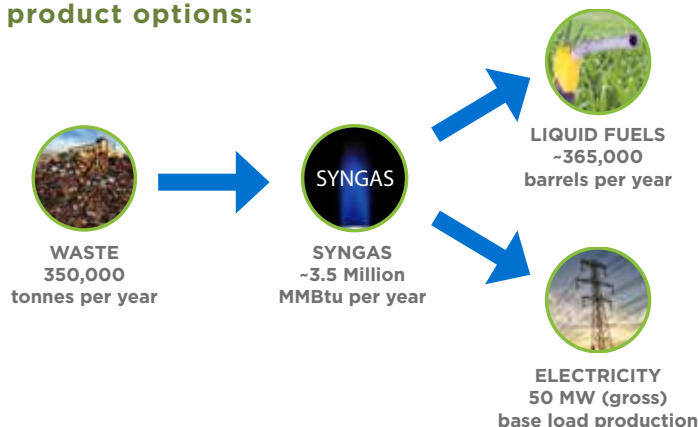
- Diverts household waste from landfills
- Reduces greenhouse gases
- Creates valuable energy to power our world
- Can handle multiple waste streams
- Creates power (using both steam cycle and combined cycle), liquids and chemicals
- No hazardous/harmful ashes that endanger human life

WESTINGHOUSE PLASMA GASIFICATION vs INCINERATORS

- **Capacity:** 1,000 tpd
- **Feedstock:** household waste
- **Output:** syngas and inert slag
- **Power production:** 50 MW (gross) baseload production
- **Biofuels:** up to 365,000 barrels per year of liquid fuel

- **Capacity:** 1,000 tpd
- **Feedstock:** household waste
- **Output:** heating and ash
- **Power production:** 32 MW (gross) basedload production
- **Biofuels:** none

Westinghouse Plasma gasification product options:

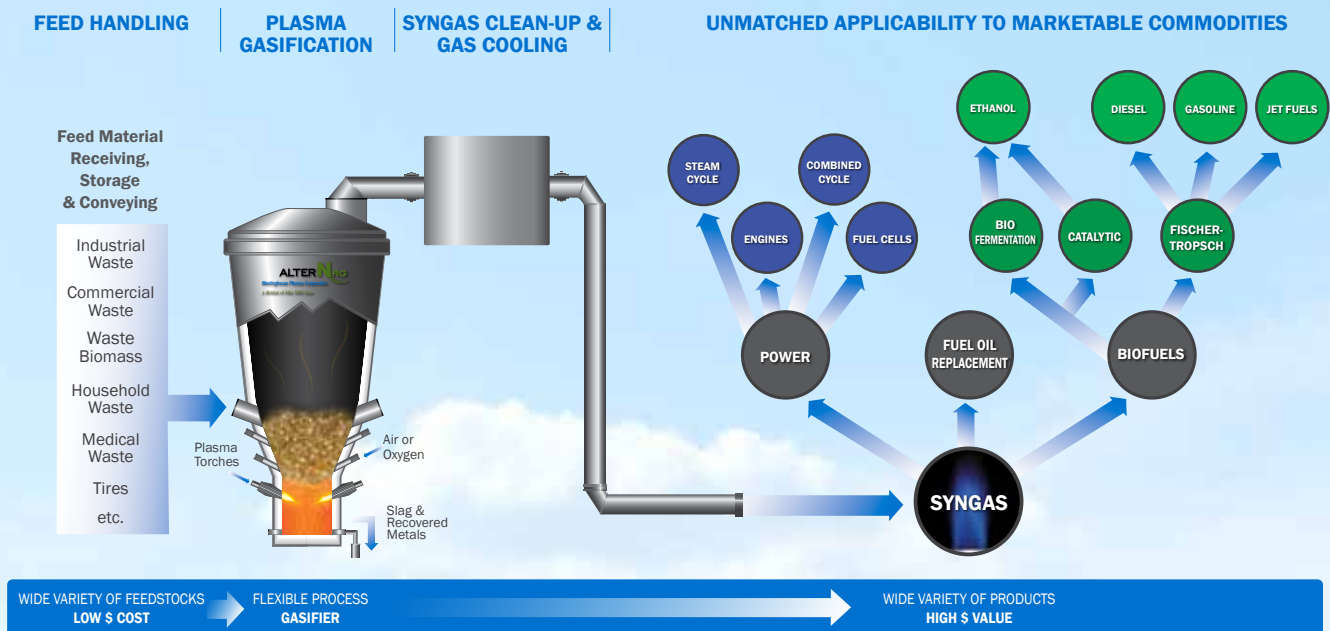


“ The challenges surrounding MSW are going to be enormous, on a scale, if not greater than, the challenges we are currently facing with climate change. It’s a relatively silent problem that is growing daily.”

PLASMA GASIFICATION

[WESTINGHOUSE PLASMA KEY DIFFERENTIATION]

- **Feedstock flexibility:** over 500 different hazardous waste streams processed at the India facility since 2008
- **Commercially Proven:** waste-to-energy facilities operating since 2002
- **Environmentally sustainable:** reduced greenhouse gas and other harmful emissions like dioxins, furans, and mercury
- **Multiple end markets:** high quality syngas can be converted into multiple high value energy products



▪ Gasification is not incineration

▪ Gasification creates hydrogen and carbon monoxide: An energy rich gas stream

ALTER NRG



Westinghouse Plasma Corporation

a division of Alter NRG Corp

WASTE TREATMENT COMPARISONS

[PLASMA GASIFICATION IS THE BEST CHOICE]

BURY

Landfilling waste:

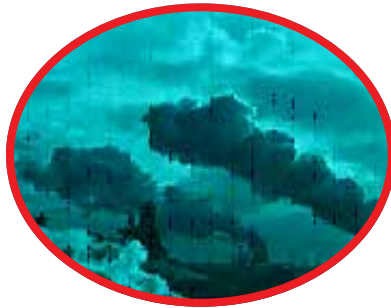
200 kWh (net)
recovered per
tonne of waste



BURN

Incinerating waste:

500-650 kWh (net)
recovered per
tonne of waste



CONVERT

Plasma gasification of waste:

More than 1,000 kWh (net)
recovered per tonne of
post-recycled waste



In addition to electricity the plasma gasification process can also create: ethanol gasoline, diesel fuel or oil replacement

RESULTS:

Passes the problem to
future generations

RESULTS:

Creates ash requiring
secondary processing or
landfilling

RESULTS:

**Life without
landfills**

EVOLUTION OF THE WASTE CONVERSION PROCESS

According to U.S. EPA's life cycle emission analysis, waste-to-energy facilities reduce 1 Ton of greenhouse gas emissions for every 1 Ton of municipal solid waste.

WESTINGHOUSE PLASMA GASIFICATION SOLUTION

[PROVIDING SUSTAINABLE WASTE SOLUTIONS ACROSS MULTIPLE SEGMENTS]

The Westinghouse Plasma Solution is the leader in industrial scale projects (500 tpd to 1000+ tpd) that use economies of scale to provide an economic solution for waste generated around the world.

Also, it is the only waste gasification technology at this scale. The Tees Valley waste-to-energy projects will each process 950 tpd of municipal waste and create 49 MW of electricity.



The Westinghouse Plasma Technology is the leader for treating hazardous waste with the world's largest hazardous waste plasma gasification facility in India operating since 2008. Westinghouse Plasma Corporation has reduced capital costs and further refined its hazardous waste solution to a turnkey and modular facility design depicted below that has been recently commissioned in Shanghai, China.



PROVEN WASTE TREATMENT

[ENVIRONMENTALLY FRIENDLY & SUSTAINABLE]

Commercial facilities:



Shanghai, China: Commissioned in 2014
Owner: GTS Technology (Shanghai) Co. Ltd.
Capacity: 30 tpd
Feedstock: Waste & Incinerator Fly-ash Vitrification
Output: Syngas & Vitrified Slag



Utashina, Japan: Commissioned in 2003
Owner: Hitachi Metals, Hitachi Ltd.
Capacity: 220 tpd
Feedstock: Waste and auto shredder residue
Output: Power



Wuhan, China: Commissioned in 2012
Owner: Sunshine Kaidi New Energy Group Co., Ltd
Capacity: 100 tpd
Feedstock: Biomass
Output: Fischer-Tropsch (FT) Liquids (Diesel Fuel)



Yoshii, Japan: Commissioned in 1999
Owner: Hitachi Metals, Hitachi Ltd.
Feedstock: Waste
Output: Syngas



Pune, India: Commissioned in 2008
Owner: SMSIL
Capacity: 72 tpd
Feedstock: Hazardous waste
Output: Power



Kinura, Japan: Commissioned in 1995
Owner: IHI Inc.
Feedstock: Incinerator ash
Output: Vitrified Slag



Mihama-Mikata, Japan: Commissioned in 2002
Owner: Municipality
Capacity: 24 tpd
Feedstock: Waste and waste water sludge
Output: Syngas is combusted to provide heat



Westinghouse Plasma Center: Operating since 1990
Owner: Alter NRG Corp.
Capacity: 48 tpd
Feedstock: Over 100 different feedstock tested
Output: Syngas

Facilities in commissioning:



Tees Valley #1, UK: On-stream in 2015
Owner: Air Products and Chemicals, Inc.
Capacity: 950 tpd
Feedstock: Waste
Output: Power

Facilities under construction:



Tees Valley, #2 UK: On-stream in 2016
Owner: Air Products and Chemicals, Inc.
Capacity: 950 tpd
Feedstock: Waste
Output: Power



BIJIE, CHINA: Construction mid- 2015
Owner: GreenWorld Energy Solutions Corp.
Capacity: 600 tpd
Feedstock: Waste
Output: Power & Foam Insulation



Walter Howard, CEO (on right) and Kent Hicks, CTO (on left) with the Westinghouse Plasma gasifier (background) installed at the Tees Valley Site #1, Teesside, UK

CEO MESSAGE

[WASTE AS AN OPPORTUNITY = LIFE WITHOUT LANDFILLS]

2014 has been a year of strong execution, a year of brand-building and a year of establishing the Westinghouse Plasma Technology as a core technology for the future. 2014 not only saw a major increase in sales, but also an increase in our pipeline, and reinforcement of our positioning as a game-changing technology that will help shape the future. I can foresee a time in the near future where the Westinghouse Plasma Technology becomes industry standard as the benefits are just too compelling to ignore.

As an engineer, I am very pleased that we have delivered the equipment for the second Tees Valley project on-time and on-budget. In fact, after all is said and done, we may very well end up with better margins than we predicted. However, the key underlying fact is that Alter NRG has very quickly built a skill set to be able to execute on the complex international procurement, fabrication and construction of the Westinghouse Plasma gasification equipment. With 83 separate pieces of equipment sourced from 12 countries, this is a major achievement and this skill set is a further competitive advantage for the future. The stability of our management team and engineering talent speaks volumes about our ability to satisfy, and to exceed, our customers' needs.

This year our technology has emerged front and center in the worldwide waste-to-energy markets as a viable alternative. Evidence of this includes:

- Co-presenting at the Abu Dhabi Power Gen conference with GE. This has led to further co-marketing efforts where the syngas we create from waste products can be used to replace LNG, or natural gas currently being used in GE turbines in areas of the world with high fuel costs, such as natural gas in the European Union, and LNG in Southeast Asia.
- Landing another major customer by having China Everbright select our technology for their project in Nanjing, China. This is SE Asia's largest waste-to-energy company and having their endorsement has attracted attention from other major waste companies in that region.

- Presenting at the industry recognized Gasification Technologies Council on the opening day of the U.S. conference with other industry leaders like Siemens, GE, CB&I, ThyssenKrupp, and Shell. It was only a few years ago we were relegated to the last day! It is gratifying to be presenting on Day 1 with the other industry leaders.
- As the industry leader, we have been invited to chair conferences, and present, in Australia, Central Europe, India, China, Central America and South Africa.

During 2014, we introduced a new product offering with the commissioning of the hazardous waste destruction facility in Shanghai, China. This facility built upon the commercial success of our plant in Pune, India which has been in operation since 2008 and has processed over 500 different types of hazardous waste materials. The China facility is a modular construction approach which has lowered the capital cost of our solution and also made it readily transportable to be delivered around the world. Even better, outside of China, we now offer a turnkey product under our complete control. This turnkey product has a shorter permitting cycle as it is normally located at an existing site and therefore only requires permit amendments in most cases rather than a brand new permit. I believe that this product line will be a major part of our continued revenue growth in 2015 and 2016.

An event which we have all been eagerly anticipating the first Tees Valley Renewable Energy facility is now finished construction and is in commissioning. This facility is truly a next generation facility which is taking 950 tonnes per day of household waste and converting it into 49 MW of

electricity. This is an efficiency that the incumbent technology of incineration cannot equal. Not only does it have superior efficiency but has better environmental performance including lower CO₂ emissions per kilowatt generated, significantly lower emissions of harmful gases like dioxins and furans, and a slag that can be used as construction aggregate instead of a harmful ash left behind by incineration. This project, owned by the widely-respected Air Products, has many potential customers watching it and we expect that this will lead to some new customers, and increased sales velocity moving forward. There simply is no competitive product in terms of economical scale and performance. That fact continues to bring us opportunities for advantageous co-investment in the projects themselves, which will bring us long-term predictable cashflows.

Tremendous progress has been made in 2014 in terms of execution, reference facilities, and getting the notice of the industry leaders. This has resulted in substantial increases in the number of projects in our pipeline as well as the quality of those customers. Large-scale projects like those our customers pursue can be frustratingly slow, but be assured we are pushing our agenda as aggressively as possible. I can emphatically say not only that progress is significant, but also that we are poised to disrupt the industry with next generation technology that is more energy efficient as well as environmentally sustainable.



Walter Howard, CEO
March 17, 2015

2014 HIGHLIGHTS

[TO MARCH 17, 2015]

For the year ended December 31, 2014 Alter NRG earned \$24.3 million in revenues which is an increase of 68% over the prior year. This increased revenue reflects the progress on the fabrication of the large scale Westinghouse Plasma Solution for the 49MW facility under construction by a leading Fortune 500 company. There are currently 5 facilities being constructed or recently commissioned which illustrates the commercial growth potential of the Westinghouse Plasma Technology. The Company sales pipeline continues to grow with new projects and credible customers advancing projects around the world.

COMMERCIAL MILESTONE

Next Generation Large Scale Waste-to-Energy Projects

- The Westinghouse Plasma Solution at large scale (950 tonnes per day producing 49 Megawatts) is currently being commissioned and is a major commercial milestone that redefines the waste-to-energy market with increased efficiency and lower environmental emissions than alternatives.
- The second Westinghouse Plasma Solution has been ordered by the same Fortune 500 Company in advance of the first project being fully commissioned which illustrates their confidence in our technology.

These two projects represent a significant commercial milestone for the following reasons:

- **Commercial Acceptance** - Validation of the Westinghouse Plasma Solution by a well-respected Fortune 500 Company, Air Products and Chemicals Inc. ("Air Products"), has generated significant commercial interest from other companies worldwide.
- **Economies of Scale** - Scale-up of the existing Westinghouse Plasma Solution to 950 tpd is meaningful to leading industrial companies and provides the economies of scale to make sense economically. This size of gasifier is significantly larger than any competitor's and attracts leading companies into the sector.
- **Increased Efficiency and Improved Environmental Performance** - Utilization of a combined cycle power configuration is considerably more efficient than incineration. This is a first-of-a-kind for waste-to-energy and represents the next generation of improved efficiency and environmental performance. Leading incinerators produce 500 to 650 kW/h per tonne of waste, whereas our solution is expected to produce over 1,000 kW/h per tonne.

Integration with GE Turbines

- The Westinghouse Plasma Solution creates syngas which is an energy rich gas that can be used in conventional turbines such as GE's fleet of gas turbines. Alter NRG has been working with GE and other customers, and GE has concluded that "GE simulated performance of a 6B.03, 7E.03, 7F.04 and a 9F.03 operating on a fuel blend composed of natural gas and syngas generated from a Westinghouse Plasma Gasification system. In all cases the Westinghouse syngas was found suitable for the GE turbines in either a blend or full load scenario."
- Many areas of the world use fuel oil, or LNG as the fuel for GE turbines and this can come at a significant cost in India and Southeast Asia. Alter NRG can replace higher priced commodities in these turbines at a fraction of the cost leaving increased profits for the owner. On October 13, 2014, Walter Howard, CEO of Alter NRG and Jeffrey Goldmeer, Gas Turbine Fuel Flex Manager of GE Power jointly presented the combined solution at the Power-Gen conference in Abu Dhabi. Since that time, Alter NRG and GE have been co-marketing the solution to GE customers which have turbines that only have access to high cost fuels.

Q4 HIGHLIGHTS

- Increased sales to \$24.3 million which is an increase of 68% over the prior year. This revenue increase reflects the maturing business plan of Westinghouse Plasma Corporation. Currently there are five separate facilities being constructed or recently commissioned with over \$1 billion of total capital spending with the Westinghouse Plasma Solution as the core enabling technology. The Westinghouse Plasma Technology continues to be the market leader in terms of reference facilities and commercial experience in next generation waste-to-energy solutions.
- Supported commissioning efforts for the first Tees Valley project being developed by Air Products, a Fortune 500 Company, which has completed final construction and began commissioning in 2014. Air Products expects the first plant to go into commercial operation in 2015. Once operational, the facility will generate approximately 49 MW of electricity from non-recyclable waste and produce enough reliable, controllable and renewable electricity to power up to 50,000 homes.
- Continued equipment fabrication for the US\$21 million purchase ordered by Air Products for the second facility in Tees Valley, England. The second facility is on adjacent lands and of a similar size and configuration as the first facility (see pictures of both projects on pages 14 and 15). Alter NRG is approximately 94% done the fabrication efforts with the major pieces of our gasification solution being delivered by the end of 2014, on-time and on-budget.

- In February 2014, the Company announced a US\$15 million sale of the Westinghouse Plasma Solution in Bijie, China. The project is anticipated to take 600 tonnes per day of waste and convert it into electricity and slag by-products. The project ran into a regulatory delay, however received final approvals in Q4, 2014. The project is currently in the engineering phase and the site is being prepared for construction. The scope of supply is being finalized and we expect this will be followed by commencement of fabrication of the Westinghouse Plasma Gasifier. This project is being advanced by Green Environmental Solutions, and this is the first of many similar projects being advanced by them in Southern China.
 - Supported the commissioning of a hazardous waste destruction facility in Shanghai China being operated by GTS Energy. This reference facility handles 30 tonnes per day and complements the incineration market as it turns medical waste and hazardous incinerator fly-ash into an environmentally friendly slag and provides increased energy production. In the first quarter 2014, the Company signed a joint development and marketing agreement which provides for worldwide selling and marketing rights for the sale of turnkey waste-to-energy destruction units. Alter NRG is finalizing product specifications and marketing materials for this product. Once successfully commissioned, potential customers began touring the facility. In November 2014, the Company and GTS Energy co-hosted an open house with has over 75 potential customers in attendance.
 - Announced that our technology has been selected by China Everbright International Ltd. ("Everbright") for a proposed project in Nanjing, China. Everbright is a leading alternative energy organization with waste-to-energy projects and assets of approximately US\$6 billion. The project is being designed to process 500 tonnes of waste per day, of which a portion will be gasified using the Westinghouse Plasma Technology. The project began engineering in late 2014 and we expect construction to begin in the latter half of 2015.
 - Advanced business development efforts with Waste2Tricity supporting activities in England and Thailand. Last year, the Company granted them an exclusive license in the Thailand market for US\$2 million. Waste2Tricity has been developing several projects in Thailand, which are expected to enter into the engineering phase in 2015. There is also a project in England which has advanced to a concept design study. Waste2Tricity has a common shareholder with Alter NRG, Ervington Investments Limited which is a company that has Roman Abramovich as its ultimate beneficial owner.
 - Sunshine Kaidi New Energy Group Co., Ltd ("Kaidi") completed construction of its demonstration facility in China and the Westinghouse Plasma Solution was commissioned in 2012. The facility processes 100 tonnes per day of biomass waste and converts it into liquid fuels. Recently, Kaidi announced that it had purchased the Rentech liquids conversion technology to convert the syngas into liquid fuels which is a promising step forward for the demonstration project. Alter NRG is currently advancing technology licensing, engineering support and equipment purchase agreements with Kaidi.
 - Supported business development efforts for a project in Barbados which is expected to take approximately 600 tonnes per day of the island's waste and convert it to electricity. Cahill Energy signed an agreement with the Government of Barbados on March 15, 2014 to build and operate a leading edge clean energy plant on the Caribbean island. Established to finance, build, own and operate utility-scale waste-to-energy plants in key markets, Cahill Energy plans to utilize the Westinghouse Plasma Technology to transform all kinds of waste on Barbados into clean, renewable energy. The project is currently looking for its development financing and upon success is expected to enter into engineering in 2015.
 - Announced the Marc 4.5 Westinghouse Plasma torch which provides up to 40% greater overall torch efficiency when utilized in the large scale 1,000 tonnes per day Westinghouse G65 Plasma Gasifier. In addition to supporting Westinghouse Plasma waste-to-energy facilities, the newly designed torch satisfies a market demand for an efficient and clean heat source for metallurgical recycling, blast-furnaces, foundry cupolas, iron making and other industries using coal, coke, or higher cost fuels. These torches have been delivered to the Tees Valley site for commissioning.
 - Continued due diligence and financing efforts related to the Company's investment options in current projects, as well as supporting developers in the late stages of development. These relationships allow for participation in the annuity cashflow of projects through a partnership structure. These relationships are favorable for the Company as it does not have to deploy the risky development capital but can participate in the project level annuity cashflow after the project has been de-risked. Alter NRG is also working as a minority partner in several projects, including one in the United Kingdom which has a permitted site and is currently working towards securing key contracts.
- In addition to the highlights above, customers around the globe continue to advance their business development efforts using the Westinghouse Plasma Solution. This includes exclusive license agreements for territories that are in advanced negotiations, as well as projects which are undertaking engineering and are in regulatory approval processes.**

CORPORATE

- Closed a financing of common shares for \$5 million at a price of \$2.56 per common share in February 2014. The strengthened balance sheet has put the Company in a strong financial position.
- Announced the implementation of a Strategic Technology Advisory Group which includes industry experts for various market segments including conversion of syngas to liquids fuels, waste-to-energy facilities in Europe, and the use of plasma torches for industrial and metallurgical applications.
- Announced the appointment of Scott Whitney to the Board of Directors. Scott was previously the President of Covanta, Europe and brings a wealth of contacts and industry knowledge in the waste-to-energy market.

PLASMA GASIFICATION NEW SCALE

[AT THE WORLD'S FIRST COMBINED CYCLE WASTE-TO-ENERGY FACILITIES]

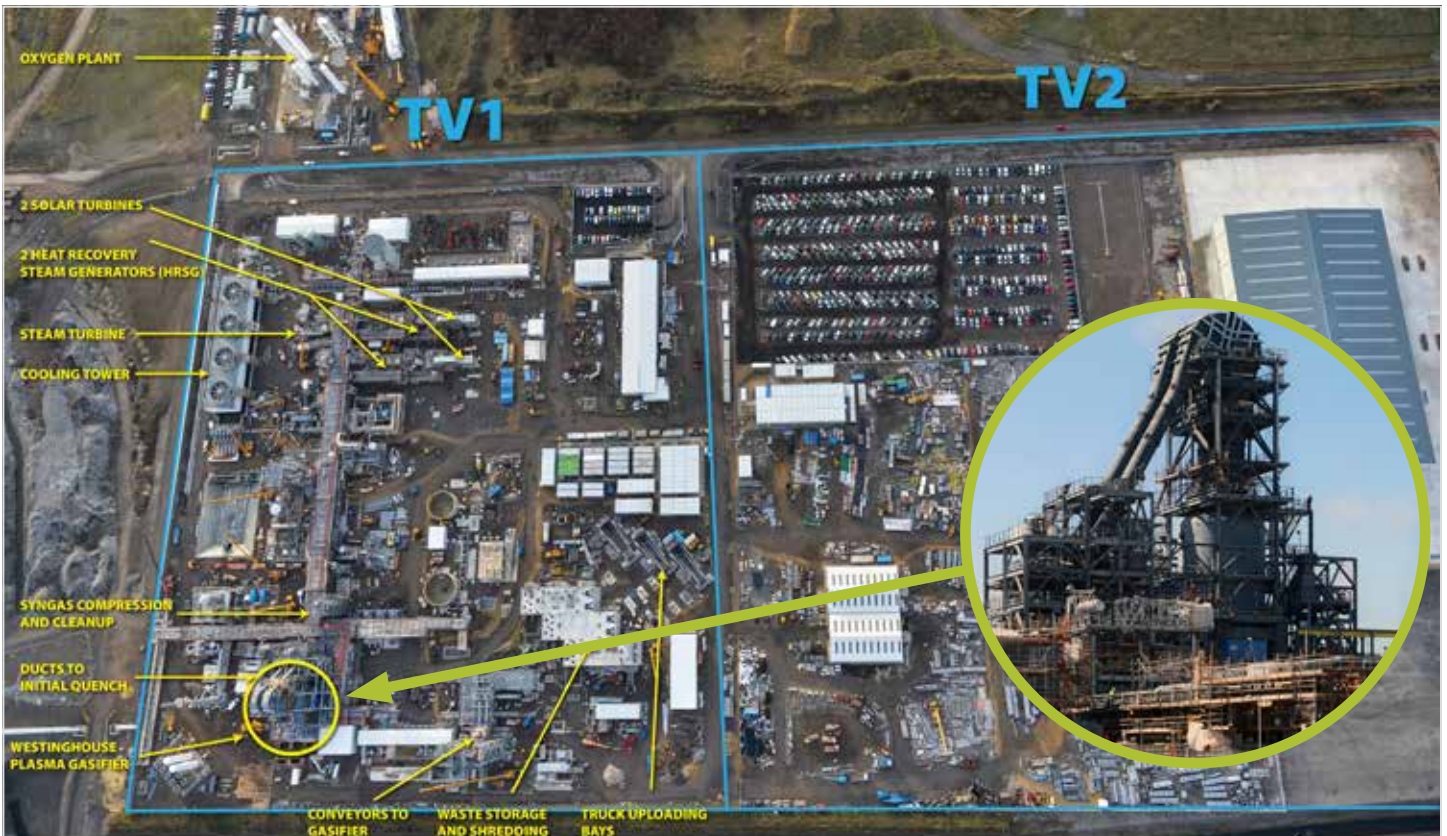
TEES VALLEY #1

- **Capacity:** 950 tpd
- **Feedstock:** waste
- **Output:** 49 MW (gross) base load production of electricity using combined cycle power block
- **Status:** in commissioning



TEES VALLEY #2

- **Capacity:** 950 tpd
- **Feedstock:** waste
- **Output:** 49 MW (gross), base load production of electricity using combined cycle power block
- **Status:** currently under construction, gasifier and auxiliary modules delivered in December 2014



TEES VALLEY FACILITIES

[PLASMA GASIFICATION AT SCALE]

The Westinghouse Plasma Gasification Solution is able to provide syngas, which is a commodity used around the world everyday as industrial energy, as a feedstock for chemical processes like creating plastics, or fertilizer and also to create liquid fuels. Most syngas is created from breaking down or reforming natural gas or oil or gasification of things like biomass or coal. We can create this commodity syngas from waste.

Creating syngas from waste is not only environmentally beneficial by keeping the waste out of landfills, but even more important for our customers it makes economic sense. Simply put, we can provide the lowest cost syngas around because we get paid to take waste. Whether it is coal, natural gas, biomass or oil that is used to create syngas, you have to pay to get each of these fuel sources. This provides the Westinghouse Plasma Gasification Solution a key benefit of creating the lowest cost commodity in the market.

The benefits of syngas have been known for a long time and are generally accepted in the market.

What Westinghouse Plasma is changing is two things:

1. **We have the commercial history with facilities creating syngas for over a decade.**
2. **The solution has been scaled up to meet the needs of the market. For example, our large scale gasifier matches the capacity of the small end of GE turbines.**

Scale is vitally important to provide strong economics, but also to make this a meaningful infrastructure technology for credible utility-scale customers. The Tees Valley facilities are the evolution of our technology into a larger scale, and this larger scale provides enormous market potential.

Westinghouse Plasma
gasifier that was delivered to
the Tees Valley Site #2.



PROVIDING A SUSTAINABLE PATH FORWARD TO MANAGE HAZARDOUS WASTE

FACTS

- **Hazardous waste:** has the potential to cause, or significantly contribute to an increase in mortality (death) or an increase in serious irreversible, or incapacitating reversible illness when improperly treated, stored, transported, or disposed of, or otherwise managed

Source: United Nations Environment Programme (UNEP)

TODAY'S REALITY

- 13 tonnes are produced every single second
- From 1930 to 2000 the global production of hazardous waste has increased by 40,000% from 1 million tpy to 400 million tpy
- The majority of hazardous waste is being treated by antiquated technologies (kilns and incinerators) that create hazardous ash and air pollutants
- Customers are demanding greener and more sustainable disposal options with reduced liability

WESTINGHOUSE PLASMA TURNKEY HAZARDOUS WASTE SOLUTION

- **Capacity:** up to 50 tpd
- **Feedstock:** hazardous waste and incinerator fly-ash
- **Output:** high pressure steam
- **Commissioned:** 2014



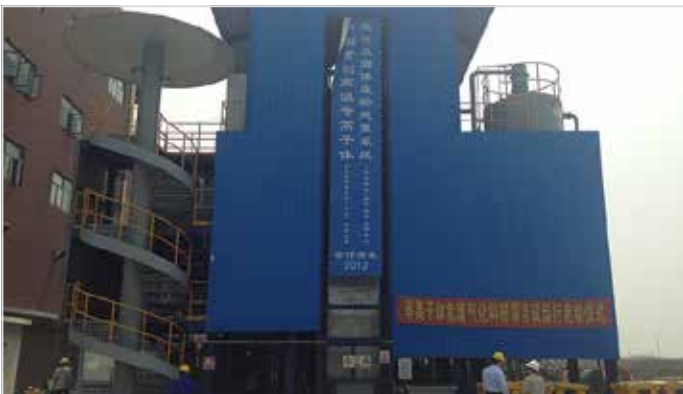
Turnkey Hazardous Waste Facility
Shanghai, China

WESTINGHOUSE PLASMA HAZARDOUS WASTE SOLUTION

COMPETITIVE ADVANTAGE

- Syngas production adds significant value to industrial customers that kilns and incinerators cannot
- Enables complete destruction of waste in an environmentally sustainable manner
- No hazardous ash residual to dispose
- No formation of furans or dioxins

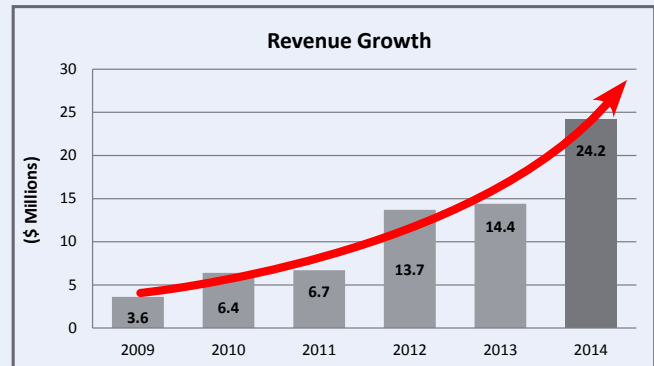
The Westinghouse Plasma Solution for hazardous waste provides more reliable and effective destruction of the hazardous material. From a business perspective, this is a complete turnkey solution that Westinghouse Plasma offers which means greater control of the execution. As well, most facilities are expected to be built on existing industrial facilities which reduces the permitting time and the sales cycle.



GROWING SALES PIPELINE

[ROBUST REVENUE OPPORTUNITY]

- The global industrial waste management market potential will surpass over \$1 trillion by 2019 *(Source: marketsandmarkets.com)*
- Alter NRG and its Westinghouse Plasma gasification solution is set to capitalize on this huge market potential
- Many projects have selected Westinghouse Plasma Technology and are being actively developed
- Sales pipeline of advanced projects at ~1.5 billion in technology sales (not including the recurring royalties or parts sales)



KEY CUSTOMERS AND MILESTONES



- Two large-scale projects of 49 MW
- World's first combined cycle waste-to-energy facilities



- Southeast Asia's largest waste-to-energy company
- Building their first plasma gasification project in Nanjing, China



- Completed engineering and starting construction of a 600 tpd municipal waste facility in China
- Further projects planned in the region



- Hazardous waste turnkey solution for 30 to 50 tpd
- Joint marketing agreement with us and ability to replicate this model worldwide



- Leading power and environmental company in central China
- Built ones of the world's first plasma facilities creating diesel fuel with plans to replicate at larger scale in China

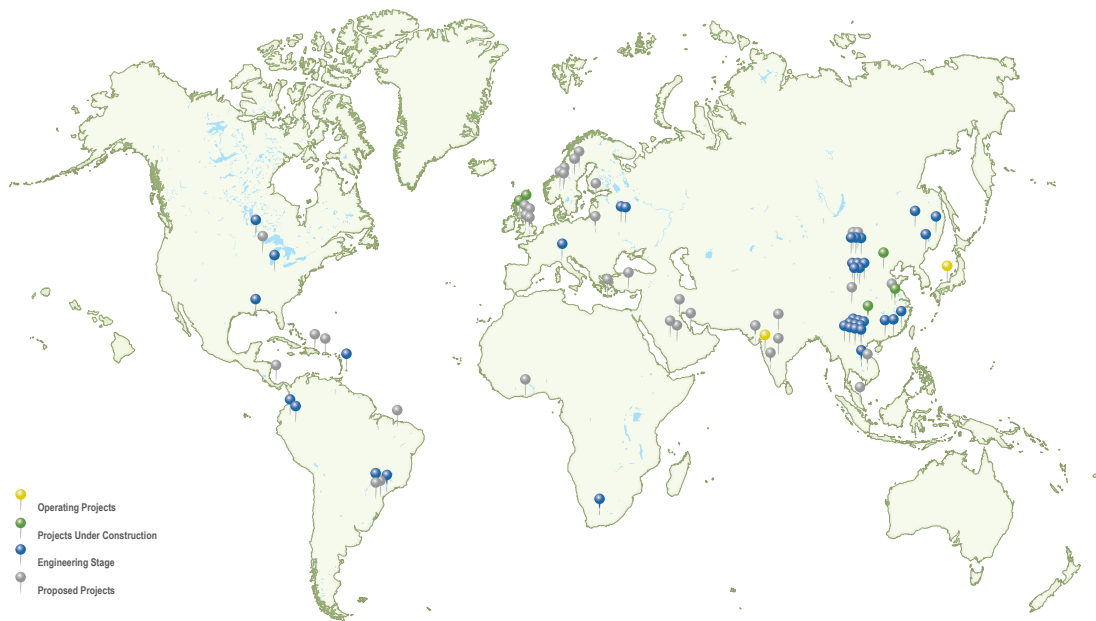


- Joint marketing to replace higher cost fuels going through GE turbines
- Have jointly presented our combined solution and expect to close new customers in 2015

MARKET POTENTIAL

[WORLDWIDE OPPORTUNITIES IN MANY MARKET VERTICALS]

Multiple projects are in various stages of development globally utilizing the Westinghouse Plasma gasification technology and its multiple product offerings.



MARKET VERTICALS AND OPPORTUNITIES



MANAGEMENT'S DISCUSSIONS & ANALYSIS

The following management's discussion and analysis ("MD&A") for Alter NRG Corp. ("Alter NRG", or the "Company"), prepared as at March 17, 2015, provides a review of the Company's financial results for the year ended December 31, 2014 and consideration of future opportunities. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the Company for the year ended December 31, 2014. The audited consolidated financial statements, and extracts of those financial statements provided within this MD&A, were prepared in Canadian dollars and are in accordance with International Financial Reporting Standards ("IFRS"). Certain other information with respect to the Company is available on Alter NRG's website (www.alternrg.com) and in public filings available through SEDAR (www.sedar.com).

Readers are cautioned that this MD&A contains certain forward looking statements. Please see the "Forward Looking Statements" section at the end of this document for a discussion concerning the use of such information in this MD&A.

EXECUTIVE SUMMARY

Alter NRG is achieving significant milestones with the deployment and commercialization of its technology, however, with large infrastructure sales the Company expects the cashflows to be inconsistent and with the potential for delays. As such, the value of the technology may not be adequately reflected in the capital market due to this lumpiness.

The Company's focus is the Westinghouse Plasma Technology which is the worldwide leader in creating energy from waste using plasma gasification. We market and sell the Westinghouse Plasma Technology through our wholly owned subsidiary, Westinghouse Plasma Corporation ("Westinghouse Plasma"). Westinghouse Plasma is the industry leader for the treatment of all types of waste (industrial, household, commercial, hazardous, etc.) using plasma technology and converting it into useable energy such as electricity, syngas (replacement for natural gas, fuel oil or LNG), heat, steam, or liquid fuels such as diesel or ethanol.

- **Our Vision** – To provide the leading technology platform for converting the world's waste into clean energy for a healthier planet.
- **Our Mission** – As the industry leader, we will forge and dominate an industry segment that transforms current waste management practices. We build shareholder value by enabling customers to convert waste into clean energy by providing plasma gasification products, services and solutions that are innovative and environmentally friendly.

Westinghouse Plasma Technology is a commercially proven technology that is used in commercially operating facilities in Japan, India and China that have been converting waste into energy for more than twelve years. Currently there are additional facilities entering construction in China and England, and undergoing commissioning in England; the England facilities are larger scale applications which is of strategic importance as it provides economies of scale that make it a more mainstream solution to replace landfills. Facilities in China and India focus on the destruction of all types of hazardous waste which is a problem that is attracting more stringent regulation and we provide a significant competitive advantage through our higher temperature solution. From an environmental perspective, a plasma facility will have significantly lower emissions than other alternative waste-to-energy facilities and have an overall emissions profile lower than a natural gas combined cycle power facility, which is considered the cleanest fossil fuel production. From an economic perspective waste-to-energy projects generally have strong project returns in populous areas, as the projects receive revenues from tipping fees to take the waste and then also receive revenues from the sale of energy.

Alter NRG sells the Westinghouse Plasma systems to developers and supports the developer's projects with engineering and testing for their specific application, licensing of the technology for use, sale of the gasifier and related equipment, and providing replacement parts and operations support once the system is up and running. The Company also has options to invest in projects as well as opportunities to partner with developers in late stage projects, which it intends to fund using internally generated cashflows and third party funding to provide annuity income through participation in selected projects. The Company endeavors to maintain a flexible capital structure whereby it can apply its knowledge and industry leading technology to attain a carried interest (equity interest without an outlay of cash), and the flexibility to increase our equity ownership through further investment if we have access to reasonably priced capital.

COMMERCIAL MILESTONES

Next Generation Large Scale Waste-to-Energy Projects

The Westinghouse Plasma Solution at large scale (950 tonnes per day producing 49 Megawatts) is currently being commissioned and is a major commercial milestone that redefines the waste-to-energy market with increased efficiency and lower environmental emissions than alternatives.

The second Westinghouse Plasma Solution has been ordered by the same Fortune 500 Company in advance of the first project being fully commissioned which illustrates their confidence in our technology.

These two projects represent a significant commercial milestone for the following reasons:

- **Commercial Acceptance** - Validation of the Westinghouse Plasma Solution by a well-respected Fortune 500 Company, Air Products and Chemicals Inc. ("Air Products"), has generated significant commercial interest from other companies worldwide.
- **Economies of Scale** - Scale-up of the existing Westinghouse Plasma Solution to 950 tpd is meaningful to leading industrial companies and provides the economies of scale to make sense economically. This size of gasifier is significantly larger than any competitor's and attracts leading companies into the sector.
- **Increased Efficiency and Improved Environmental Performance** - Utilization of a combined cycle power configuration is considerably more efficient than incineration. This is a first-of-a-kind for waste-to-energy and represents the next generation of improved efficiency and environmental performance. Leading incinerators produce 500 to 650 kW/h per tonne of waste, whereas our solution is expected to produce over 1,000 kW/h per tonne.

Integration with GE Turbines

- The Westinghouse Plasma Solution creates syngas which is an energy rich gas that can be used in conventional turbines such as GE's fleet of gas turbines. Alter NRG has been working with GE and other customers, and GE has concluded that "GE simulated performance of a 6B.03, 7E.03, 7F.04 and a 9F.03 operating on a fuel blend composed of natural gas and syngas generated from a Westinghouse Plasma Gasification system. In all cases the Westinghouse syngas was found suitable for the GE turbines in either a blend or full load scenario."
- Many areas of the world use fuel oil, or LNG as the fuel for GE turbines and this can come at a significant cost in India and Southeast Asia. Alter NRG can replace higher priced commodities in these turbines at a fraction of the cost leaving increased profits for the owner. On October 13, 2014, Walter Howard, CEO of Alter NRG and Jeffrey Goldmeer, Gas Turbine Fuel Flex Manager of GE Power jointly presented the combined solution at the Power-Gen conference in Abu Dhabi. Since that time, Alter NRG and GE have been co-marketing the solution to GE customers which have turbines that only have access to high cost fuels.

OUR BUSINESS

Alter NRG provides and pursues alternative clean and renewable energy solutions through plasma gasification to meet the growing demand for clean energy in world markets.

Westinghouse Plasma has created industry leading plasma gasification technology that provides clean and renewable energy solutions. Plasma gasification can take renewable feedstocks such as household waste, commercial waste, industrial waste, hazardous waste, waste biomass, or combinations of feedstocks and turn them into syngas. The syngas can be used as a replacement to fuel oil or natural gas, or converted into ethanol, diesel fuel or electricity. This provides clean energy that has a lower carbon footprint and lower emissions of other harmful pollutants and provides affordable domestic energy sources. This is a commercially proven technology being used in facilities turning waste into energy since 2002 and the Company can take clients to reference facilities around the world, which provides a major commercial advantage.

Plasma gasification facilities are large-scale energy projects. The whole facility is generally \$50 million to \$500 million. The sales cycle for a project is generally three to seven years. In the initial project development stages, the Company receives engineering fees and site license fees, which are generally \$1.5 million to \$6 million per project. After the project receives regulatory approvals and has project financing, customers order the plasma gasifier equipment which generally would be \$10 million to \$50 million depending on facility size. In the Asian market, revenues are generated through licensing fees, engineering fees and plasma torch sales, which on these smaller scale projects are expected to be \$2 million to \$5 million per project depending on the Company's eventual scope of supply. The Company has

also signed joint marketing agreements for turn-key hazardous waste solutions where it will market complete hazardous waste solutions based on a reference facility that has recently been commissioned in Shanghai, China.

Westinghouse Plasma sells technology worldwide, and currently has been selected as the core technology for projects in North America, South America, the European Union, the Middle East and Asia Pacific. Many of these projects are being developed by Fortune 500 and other credible companies such as Air Products, Sunshine Kaidi, SMS Infrastructures, China Everbright International, GreenWorld Energy Solutions, GTS Energy, Waste2Tricity, Cahill Energy and others.

The sale of our large-scale gasifier to Air Products has accelerated the pace of adoption and the Company is currently negotiating sales agreements with large, well respected companies around the world with the intention to continue to add to its customer base. The remaining projects are being developed by smaller entrepreneurial companies, the majority of which focus exclusively on building plasma gasification facilities using the Westinghouse Plasma Technology. Westinghouse Plasma intends to support the developers that have the most advanced projects and the capability to execute on their projects.

The reference facilities in Shanghai, China and Pune, India are also providing opportunity to the Company. Hazardous waste is created by many different industrial and manufacturing processes; it is a growing problem that is having increased regulatory and environmental scrutiny. Alter NRG's facility in Pune India has successfully processed over 500 different types of hazardous waste since 2008 which has shown the robust capability of the technology. The facility in Shanghai China, processes medical waste, incinerator ash as well as other hazardous waste streams and was built using modular construction techniques that has reduced the capital cost, as well as making the low cost system replicable around the world as it can be delivered in modules. This allows for a turn-key product that Alter NRG now offers that has a shorter sales cycles and shorter permitting cycle than the large-scale facilities.

As the core technology provider of proprietary technology, Alter NRG is often able to negotiate an option to co-invest in the projects themselves, as well as the ability to participate in late development stage opportunities by bringing financial expertise and relationships with engineering companies. In most cases, the projects have strong project economics and are operated by well-respected companies. The Company intends to re-invest the cashflow from technology sales, negotiate carried interests, and/or find third party investment into projects with a high rate of return and that are operated by qualified companies to generate recurring revenues. As well, as the Westinghouse Plasma Solution continues to gain traction in the marketplace, companies are looking for exclusivity in certain geographic regions. Alter NRG is currently negotiating exclusive license agreements with well-respected companies, which in most cases include ongoing royalties and/or an option to co-invest to provide recurring cashflows. On March 5, 2014 the Company announced the execution of a joint development and marketing agreement and the launch of a small scale, turn-key hazardous waste destruction solution with GTS Energy Technology (Shanghai) Ltd. (GTS Energy). It is the intention of the Company to jointly market turn-key incinerator fly-ash and hazardous waste destruction facilities worldwide.

Although Westinghouse Plasma is located in the United States, ongoing oversight occurs continually from the Canadian head office of Alter NRG. Financial management is entirely centralized at the Canadian head office.

CAPABILITY

Industry leading technology and market position provides Alter NRG with a competitive advantage. The Company is planning for strategic growth by capitalizing on the competitive advantages of its Westinghouse Plasma Technology. The customer base continues to strengthen and the Westinghouse Plasma Technology is actively sought out by well-respected companies worldwide. Management believes it has hit a commercial milestone with two large sales to a Fortune 500 Company, which will allow the Company to increase the frequency and magnitude of signing additional commercial contracts in the next 6 to 24 months. The commercial pipeline of customers and projects that have selected the Westinghouse Plasma technology continues to grow in both quantity and quality and management expects this trend will continue as more reference facilities are developed and have longer operations histories.

The first quarter of 2015 is expected to be a slower period of activity resulting in lower revenues during that time. The equipment for both Air Products projects has been delivered and other companies are awaiting commissioning of the large-scale Tees Valley project in England before placing their equipment orders. In advance of equipment orders, the Company expects to receive engineering orders in the first quarter of 2015. As the commissioning of the first large scale, 950 tonnes per day facility, draws nearer an increasing number of large international corporations have shown interest in our technology.

Management is developing new sustainable energy solutions which is a long-term process and recognizes that the Company must generate positive cash flows. The Company is increasing revenues year over year but continues to report operating losses with an accumulated deficit at December 31, 2014 of \$123 million. On February 10, 2014, Alter NRG closed a \$5.0 million financing which strengthened the balance sheet and provided working capital to maintain active operations for the foreseeable future.

INCOME STATEMENT AND CASH FLOW

(Canadian dollars)	For the years ended December 31		
	2014	2013	2012
Total revenues	\$ 24,253,604	\$ 14,436,395	\$ 13,699,743
Cost of sales	17,541,564	11,468,621	12,033,196
General, administration, selling and distribution expenses	10,675,510	9,316,398	8,356,303
Share-based payments	946,710	832,753	464,598
Depreciation and amortization	5,060,411	2,394,366	2,350,669
Foreign exchange gain (loss)	859,905	921,421	(250,671)
Other income	19,610	48,662	400,303
Share of loss from associate	-	1,906,264	418,970
Loss on revaluation of assets held for sale	-	1,374,766	-
Finance income (costs), net	37,920	57,095	(19,879)
Loss before tax from continuing operations	9,053,156	11,545,595	11,299,369
Loss from continuing operations	8,558,089	10,934,774	10,711,029
Loss from discontinued operations	-	-	668,651
Gain on disposition of discontinued operations	-	-	272,654
Total comprehensive loss	6,478,478	10,013,722	11,514,568
Loss per share – basic and diluted			
Continued operations	(0.31)	(0.43)	(0.64)
Discontinued operations	-	-	(0.04)
Cash used in operations before changes in non-cash working capital	\$ (2,577,749)	\$ (5,763,902)	\$ (6,107,821)
Cash (used in) provided by operations	\$ (5,699,778)	\$ (10,841,609)	\$ 400,463

STATEMENT OF FINANCIAL POSITION

As at December 31	2014	2013	2012
Total assets	\$ 58,234,486	\$ 56,944,155	\$ 57,566,565
Total liabilities	23,068,580	21,099,322	23,430,697
Shareholders' equity	\$ 35,165,906	\$ 35,844,833	\$ 34,135,868

OVERALL PERFORMANCE

Plasma sales and services

For the year ended December 31, 2014, total revenues of \$24.3 million were \$9.8 million or 68% higher than the year ended December 31, 2013. Gross margins were 28% for the year ended December 31, 2014 compared to 21% for 2013. The increase in gross margin from the previous year is attributable to a recovery of prior year costs associated with the first Tees Valley facility and improved margins on the construction of the second Tees Valley gasifier. Management expected that margins would increase after the first gasifier had been delivered and all associated costs were identified.

For the year ended December 31, 2014 general expenses, which include general and administration and selling and distribution costs, increased \$1.4 million to \$10.7 million from \$9.3 million for the year ended December 31, 2013. The majority of the increase in general expenses in the current year is attributable to an increase in employee costs, travel costs and fees paid to the Board of Directors. Employees are compensated through salary, bonuses and commissions. Bonuses and commissions are earned based on performance metrics surrounding revenues, margins, and cashflows. In 2014 revenues and margins increased and there were less cash outflows related to operations, which resulted in increased bonuses and commissions. Travel costs increased as the annual investor open house was held in the United Kingdom, instead of in the United States as in previous years. Holding the open house in the UK gave attendees the opportunity to see firsthand the scale of the two Air Products projects. As well travel costs related to selling and distribution were higher than prior year as a result of increased sales activity in an effort to secure additional contracts in SouthEast Asia and Europe which require extensive travel.. The Board of Directors fees increased as the size of the Board increased by one member and a special committee was convened to assess potential corporate transactions. Management continues to monitor and manage expenses and expects to maintain consistent levels of spending.

2014 HIGHLIGHTS

- Increased sales to \$24.3 million which is an increase of 68% over the prior year. This revenue increase reflects the maturing business plan of Westinghouse Plasma Corporation. Currently there are five separate facilities being constructed or recently commissioned with over \$1 billion of total capital spending with the Westinghouse Plasma Solution as the core enabling technology. The Westinghouse Plasma Technology continues to be the market leader in terms of reference facilities and commercial experience in next generation waste-to-energy solutions.
- Supported commissioning efforts for the first Tees Valley project being developed by Air Products, a Fortune 500 Company, which has completed final construction and began commissioning in 2014. Air Products expects the first plant to go into commercial operation in 2015. Once operational, the facility will generate approximately 49 MW of electricity from non-recyclable waste and produce enough reliable, controllable and renewable electricity to power up to 50,000 homes.
- Continued equipment fabrication for the US\$21 million purchase ordered by Air Products for the second facility in Tees Valley, England. The second facility is on adjacent lands and of a similar size and configuration as the first facility (see pictures of both projects on pages 14 and 15). Alter NRG is approximately 94% done the fabrication efforts with the major pieces of our gasification solution being delivered by the end of 2014, on-time and on-budget.
- In February 2014, the Company announced a US\$15 million sale of the Westinghouse Plasma Solution in Bijie, China. The project is anticipated to take 600 tonnes per day of waste and convert it into electricity and slag by-products. The project ran into a regulatory delay, however received final approvals in Q4, 2014. The project is currently in the engineering phase and the site is being prepared for construction. The scope of supply is being finalized and we expect this will be followed by commencement of fabrication of the Westinghouse Plasma Gasifier. This project is being advanced by Green Environmental Solutions, and this is the first of many similar projects being advanced by them in Southern China.
- Supported the commissioning of a hazardous waste destruction facility in Shanghai China being operated by GTS Energy. This reference facility handles 30 tonnes per day and complements the incineration market as it turns medical waste and hazardous incinerator fly-ash into an environmentally friendly slag and provides increased energy production. In the first quarter 2014, the Company signed a joint development and marketing agreement which provides for worldwide selling and marketing rights for the sale of turnkey waste-to-energy destruction units. Alter NRG is finalizing product specifications and marketing materials for this

product. Once successfully commissioned, potential customers began touring the facility. In November 2014, the Company and GTS Energy co-hosted an open house with has over 75 potential customers in attendance.

- Announced that our technology has been selected by China Everbright International Ltd. (“Everbright”) for a proposed project in Nanjing, China. Everbright is a leading alternative energy organization with waste-to-energy projects and assets of approximately US\$6 billion. The project is being designed to process 500 tonnes of waste per day, of which a portion will be gasified using the Westinghouse Plasma Technology. The project began engineering in late 2014 and we expect construction to begin in the latter half of 2015.
- Advanced business development efforts with Waste2Tricity supporting activities in England and Thailand. Last year, the Company granted them an exclusive license in the Thailand market for US\$2 million. Waste2Tricity has been developing several projects in Thailand, which are expected to enter into the engineering phase in 2015. There is also a project in England which has advanced to a concept design study. Waste2Tricity has a common shareholder with Alter NRG, Ervington Investments Limited which is a company that has Roman Abramovich as its ultimate beneficial owner.
- Sunshine Kaidi New Energy Group Co., Ltd (“Kaidi”) completed construction of its demonstration facility in China and the Westinghouse Plasma Solution was commissioned in 2012. The facility processes 100 tonnes per day of biomass waste and converts it into liquid fuels. Recently, Kaidi announced that it had purchased the Rentech liquids conversion technology to convert the syngas into liquid fuels which is a promising step forward for the demonstration project. Alter NRG is currently advancing technology licensing, engineering support and equipment purchase agreements with Kaidi.
- Supported business development efforts for a project in Barbados which is expected to take approximately 600 tonnes per day of the island’s waste and convert it to electricity. Cahill Energy signed an agreement with the Government of Barbados on March 15, 2014 to build and operate a leading edge clean energy plant on the Caribbean island. Established to finance, build, own and operate utility-scale waste-to-energy plants in key markets, Cahill Energy plans to utilize the Westinghouse Plasma Technology to transform all kinds of waste on Barbados into clean, renewable energy. The project is currently looking for its development financing and upon success is expected to enter into engineering in 2015.
- Announced the Marc 4.5 Westinghouse Plasma torch which provides up to 40% greater overall torch efficiency when utilized in the large scale 1,000 tonnes per day Westinghouse G65 Plasma Gasifier. In addition to supporting Westinghouse Plasma waste-to-energy facilities, the newly designed torch satisfies a market demand for an efficient and clean heat source for metallurgical recycling, blast-furnaces, foundry cupolas, iron making and other industries using coal, coke, or higher cost fuels. These torches have been delivered to the Tees Valley site for commissioning.
- Continued due diligence and financing efforts related to the Company’s investment options in current projects, as well as supporting developers in the late stages of development. These relationships allow for participation in the annuity cashflow of projects through a partnership structure. These relationships are favorable for the Company as it does not have to deploy the risky development capital but can participate in the project level annuity cashflow after the project has been de-risked. Alter NRG is also working as a minority partner in several projects, including one in the United Kingdom which has a permitted site and is currently working towards securing key contracts.

In addition to the highlights above, customers around the globe continue to advance their business development efforts using the Westinghouse Plasma Solution. This includes exclusive license agreements for territories that are in advanced negotiations, as well as projects which are undertaking engineering and are in regulatory approval processes.

CORPORATE

- In February of 2014, the Company closed a financing of common shares for \$5 million at a price of \$2.56 per common share. The strengthened balance sheet has put the Company in a stronger financial position.
- Announced the implementation of a Strategic Advisory Group which includes industry experts for various market segments including conversion of syngas to liquids fuels, waste to energy facilities in Europe, and the use of plasma torches for industrial and metallurgical applications.
- Announced the appointment of Scott Whitney to the Board of Directors. Scott was previously the President of Covanta, Europe and brings a wealth of contacts and industry knowledge in the waste-to-energy market.

QUARTERLY INFORMATION

(Canadian dollars)	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	\$ 3,083,549	\$ 6,886,163	\$ 8,096,191	\$ 6,187,701	\$ 3,199,262	\$ 2,527,704	\$ 4,343,618	\$ 4,365,811
Cost of sales	1,141,118	4,455,872	6,493,007	5,451,566	2,966,978	988,367	3,836,021	3,676,255
Gain on sale of assets	-	-	-	-	275,000	-	-	-
Gain (loss) on revaluation of assets held for sale	750,000	(50,000)	(700,000)	200,000	(200,000)	(1,174,766)	-	-
Loss from operations	(1,538,437)	(251,774)	(5,015,418)	(1,752,460)	(2,081,008)	(4,449,633)	(2,644,906)	(1,759,229)
Loss per share basic and diluted	(0.06)	(0.01)	(0.18)	(0.06)	(0.07)	(0.17)	(0.10)	(0.08)
Capital expenditures	111,173	101,282	207,972	26,859	55,752	138,548	155,387	119,563
Total assets	\$ 58,234,486	\$ 60,531,652	\$ 58,506,441	\$ 67,186,085	\$ 56,944,155	\$ 55,712,073	\$ 62,814,126	\$ 66,475,554

Equipment revenues for year ended December 31, 2014 are primarily a result of the sale of the second large scale gasification solution to Air Products that have been recognized using the percentage of completion method. The Company continues to pursue long-term stable revenue streams with sales of the gasification technology, including licensing, engineering and testing to achieve equipment sales.

Alter NRG continues to record net losses as management works to secure plasma sales with long sales cycles and continues to build the reputation of Westinghouse Plasma Technology. With a concerted effort, general expenses continue to be monitored and expenditures are avoided unless necessary to support the growth of the business.

SALES AND DIRECT COSTS

For the years ended December 31	2014		2013	
Revenue				
Equipment sales	\$	20,870,252	\$	11,580,370
Engineering and testing services		955,498		1,402,913
Licensing fees		441,052		1,000,000
Parts and other sales		1,986,802		453,112
	\$	24,253,604	\$	14,436,395
Direct cost of sales				
Equipment sales	\$	15,882,627	\$	10,761,322
Engineering and services		749,108		458,165
Licensing fees		-		-
Parts and other sales		909,829		249,134
		17,541,564		11,468,621
Gross margin	\$	6,712,040	\$	2,967,774

Revenues for year ended December 31, 2014 were \$24.3 million, which is an increase of 68%, compared with 2013. The majority of revenues are from equipment sales, in particular from the second gasifier order for the Tees Valley renewable energy facility which intends to take 950 tonnes of household waste and convert it into 49MW of electricity; this project was 94.6% complete at December 31, 2014. The remaining revenues from the second purchase order are expected to be earned in 2015. In February 2014, the Company signed agreements for licensing, engineering and equipment for a total of US\$15 million with GreenWorld Energy Solutions, advancing a project in Bijie, China. The engineering is 92.8% complete as at December 31, 2014. The final purchase order for the equipment is expected sometime in mid-2015, once final scope of supply is negotiated with the engineering company engaged by the developer. In December of 2014, the Company received a second installment payment of approximately \$0.3 million for the exclusive license agreement with Waste2Tricity International (Thailand) Limited; this was previously announced on December 6, 2013.

Costs of sales (costs relating to direct labour, materials and expenditures for products sold and services provided) were \$17.5 million for the year ended December 31, 2014. Margins for the year ended December 31, 2014 were 28%, as compared to 21% for 2013. The increase in gross margin from the previous year is attributable to the recovery of prior year costs associated with the first Tees Valley facility and improved costing on the second Tees Valley Gasifier. Management expected that margins would increase after the first gasifier had been delivered and all associated costs were identified. Additionally, parts and other revenues generally have higher margins than those earned on equipment sales, and those revenues increased by approximately \$1.5 million in comparison to 2013. As more facilities begin operations the increase in parts sales is expected to continue.

Engineering and testing services lead to plasma gasification equipment orders which are larger transaction sizes of \$10 million to \$50 million per project or in the Asian market, where the project scope is smaller, with revenues of \$2 million to \$5 million. Alter NRG has devoted significant efforts into expanding its product offering through completing engineering studies and product design enhancements required to construct the plasma gasification island. The Company works with project developers worldwide in the early stages of planning and developing plasma gasification projects. Engineering services are required in the preliminary planning phase and equipment is ordered only after a project has received regulatory approval and project financing, thus these sales have a long lead-time. The number of proposed projects around the world is increasing and the pipeline continues to grow with larger companies that have the financial strength and development capability to execute upon projects.

Since the Company purchased Westinghouse Plasma it has increased its number of customers. Key customers advancing commercial projects include Air Products, GreenWorld Energy Solutions, GTS Energy, Sunshine Kaidi, Waste2Tricity, SMS Infrastructures, China Everbright International and Cahill Energy which are all companies that we believe have the ability to execute. Other projects are being advanced by companies, most of which focus exclusively on developing facilities using the Westinghouse Plasma Technology.

GENERAL EXPENSES

For the years ended December 31	2014	2013
General and administrative	\$ 6,717,283	\$ 6,555,048
Selling and distribution	3,958,227	2,761,350
Total	\$ 10,675,510	\$ 9,316,398

Total general expenses, including general and administrative and selling and distribution costs, increased by approximately \$1.4 million or 15% for the year ended December 31, 2014, as compared to the year ended December 31, 2013. The majority of the increase in general expenses in the current year is attributable to an increase in employee costs, travel costs and fees paid to the Board of Directors.

Employees are compensated through salary, bonuses and commissions. Bonuses and commissions are earned based on performance metrics surrounding revenues, margins, and cashflows. In 2014 revenues and margins increased and there were less cash outflows related to operations, resulting in an increased bonus and commission expense. Travel costs increased as the annual investor open house was held in the United Kingdom, instead of in the United States as in previous years. Holding the open house in the UK gave attendees the opportunity to see firsthand the scale of the two Air Products projects. As well travel costs related to selling and distribution were higher than prior year as a result of increased sales activity in an effort to secure additional contracts. The Board of Directors fees increased as the size of the Board increased by one member and a special committee was convened to assess potential corporate transactions. The Company continues to focus on prudent cost management and expects to be able to achieve higher revenue levels with only minor increases in general expenses.

Employee costs account for approximately 51% of the total general expenses for the year ended December 31, 2014 as compared to 46% for the same period of 2013. At December 31 2014, the team included 33 full time employees which is a slight increase from December 31, 2013. Headcount by department is as follows:

As at December 31	2014	2013
Engineering and operations	16	16
Sales and marketing	9	8
Finance	5	5
Human resources and administration	3	3
Total	33	32

GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31		2014		2013
Employee costs, net of recoveries	\$	3,229,938	\$	3,105,560
Office and operating costs		1,546,921		1,789,491
Professional and consulting fees		932,558		1,001,750
Travel costs		356,906		250,405
Other costs		650,960		407,842
Total	\$	6,717,283	\$	6,555,048

- Employee costs increased by approximately \$0.1 million for the year ended December 31, 2014; the increase is a combination of some salaries being moved to the sales department and an overall increase in bonus expense. Bonuses and commissions are earned based on performance metrics surrounding revenues, margins, and cashflows. In 2014 revenues and margins increased and there were less cash outflows related to operations.
- For the year ended December 31, 2014, office and operating costs decreased by approximately \$0.2 million. The expenses in 2013 are at higher than expected levels due to one one time expenses recorded in 2013 for an onerous lease on a property that was subleased in 2013.
- Professional and consulting fees for the year ended December 31, 2014 is approximately \$0.1 million lower than 2013 as a result of a continued focus on reducing external consulting fees.
- Travel costs for the year ended December 31, 2014 increased by approximately \$0.1 million. The increased costs were a result of the annual investor open house being hosted in the United Kingdom, instead of the United States as in previous years. Holding the open house in Tees Valley England gave investors, customers, engineering companies, government officials and other stakeholders the opportunity to see firsthand the scale of the two Air Products projects.
- Other costs include information technology costs and corporate governance costs such as financial reporting costs and board of directors' fees. The increase for the year ended December 31, 2014 by approximately \$0.2 million is attributable to changes in the composition and compensation structure of the board of directors, as well as the convening of a special committee of the board of directors to assess potential corporate transactions.

SELLING AND DISTRIBUTION EXPENSES

For the years ended December 31		2014		2013
Employee costs	\$	2,246,306	\$	1,192,624
Professional and consulting		401,547		574,963
Travel		1,138,421		961,738
Advertising		152,464		16,455
Other		19,489		15,570
Total	\$	3,958,227	\$	2,761,350

- Compared to the prior year employee costs for the year ended December 31, 2014 increased by approximately \$1.0 million. The increase is a result of the reclassification of certain employees, combined with bonus and commission increases in 2014. Bonuses and commissions are earned based on performance metrics surrounding revenues, margins, and cashflows. In 2014 revenues and margins increased and there were less cash outflows related to operations.
- Professional and consulting expenses for the year ended December 31, 2014 decreased by approximately \$0.2 million as a result of the continuing efforts to reduce external consulting fees.
- Travel costs for the year ended December 31, 2014 increased by approximately \$0.2 million resulting from efforts aimed at increasing sales opportunities and continued business opportunities focused in SE Asia and Europe.
- Advertising costs for the year ended December 31, 2014 increased by approximately \$0.1 million resulting from additional promotional service expenditures and the Company's involvement in new trade conferences in 2014.

SHARE BASED PAYMENTS

Total share based payments for year ended December 31, 2014 were \$0.9 million which is an increase of approximately 15% from the prior year. The majority of the increase is attributable to performance share units. The payout is based on performance metrics which include the performance of the Company's share price, EBITDA in comparison to a peer group and may include service status.

DEPRECIATION AND AMORTIZATION

For the years ended December 31	2014		2013	
Depreciation	\$	2,813,343	\$	271,484
Amortization		2,247,068		2,122,882
Total	\$	5,060,411	\$	2,394,366

Depreciation for the year ended December 31, 2014 increased by approximately \$2.5 million compared to the same period in 2013 due to taking accelerated depreciation in the second quarter of 2014. The Company decided to relocate the operations of Westinghouse Plasma in 2015. Certain assets will not be moved to the new location; with the increase in commercially operating facilities a full pilot facility is no longer required to support sales efforts. As such, the Company reviewed the remaining economic lives of these assets and determined that these assets should be recorded at their salvage value. The effect of this change was to increase depreciation expense by \$2.4 million. All assets in use are being depreciated at their useful lives.

Amortization totaled approximately \$2.2 million for the year ended December 31, 2014 (2013 - \$2.1 million) on acquired intangible assets and internally generated intangible assets, which are being amortized on a straight line basis over their estimated useful lives.

- Acquired intangible assets consists of assets acquired through the purchase of the Westinghouse Plasma US subsidiary in 2007. For the year ended December 31, 2014, amortization on these assets totaled approximately \$1.6 million (2013 - \$1.5 million). The increase in amortization is due to the increase in the foreign exchange rate on the US held intangible assets at December 31, 2014. The US subsidiary intangible assets have an estimated useful life of thirty years.
- Internally generated intangible assets are expenditures spent on design and development of plasma technology. Amortization of completed internally generated intangible assets for the year ended December 31, 2014 amounted to approximately \$0.6 million (2013 - \$0.6 million). These intangible assets are being amortized over an estimated useful life of ten years.

FOREIGN EXCHANGE GAIN

For the year ended December 31, 2014, the foreign exchange gain was approximately \$0.9 million. The foreign exchange gain is consistent with 2013. This difference from year to year is the result of the fluctuating Canadian dollar during the year and relates to US denominated revenue and supply contracts, as well as intercompany advances which eliminate upon consolidation. The majority of the increase in the value of the US dollar was offset by a decrease in the intercompany balance. US dollar denominated balances are revalued at the exchange rate as of the reporting period date, and transactions during the period are revalued at the average rate for the period.

GAIN ON SALE OF ASSETS

For the years ended December 31	2014	2013
Gain on sale of assets	-	275,000

During 2013 the Company recognized a gain of \$275,000 on the sale of a steam turbine.

ASSETS HELD FOR SALE AND INVESTMENT IN ASSOCIATE

On July 26, 2012, the Company completed the acquisition of 10,000,000 shares in SustainCo. Inc. (formerly Bellair Ventures Inc.) ("SustainCo") as a part of the sale agreement for CleanEnergy. On July 26, 2012, the Company's ownership in SustainCo was 58%. On December 5, 2012, SustainCo issued shares to acquire Urban Mechanical Ltd. which resulted in a dilution of ownership to 37%. On January 15, 2013, SustainCo finalized a private placement of shares for \$1,267,246, which resulted in a further dilution of ownership to 34%. On

September 13, 2013, the Company filed a notice of intention to sell its 10,000,000 shares of SustainCo. In prior reporting periods, the Investment in Associate was accounted for using the equity method. As the Company intends to sell the investment, the investment was reclassified to current assets held for sale at September 30, 2013. During the current year a gain on revaluation of assets of \$200,000 has been recorded in comprehensive income (2013 – loss of \$200,000).

Investment, December 31, 2012	\$	4,581,030
Share of loss from associate		(1,906,264)
Impairment of investment		(1,174,766)
Assets held for sale, September 13, 2013	\$	1,500,000
Loss on revaluation of assets held for sale		(200,000)
Assets held for sale, December 31, 2013	\$	1,300,000
Gain on revaluation of assets held for sale		200,000
Asset held for sale, December 31, 2014	\$	1,500,000

FINANCE INCOME AND COSTS

For the years ended December 31		2014		2013
Finance costs	\$	17,071	\$	20,167
Finance income	\$	54,991	\$	77,262

Finance income relates to funds invested in interest bearing accounts within a Canadian chartered bank. During the year ended December 31, 2014, finance costs of \$17,071 were incurred as a result of regular banking activity compared to costs of \$20,167 during the year ended December 31, 2013.

INCOME TAXES

For the years ended December 31		2014		2013
Deferred income tax liability	\$	15,337,577	\$	14,692,567
Deferred income tax recovery		655,066		610,821

The deferred income tax liability relates predominately to the difference between the accounting and tax treatment of the intangible assets acquired from Westinghouse Plasma in 2007. This is not a statutory liability and would only be realized if the Company sold the acquired intangible assets for their carrying amount which is an unlikely scenario. The provision for income tax recovery arises as the intangible assets are amortized and the difference between the accounting and tax basis is reduced.

The Company has unused deductions for tax purposes, primarily non-capital losses, for which a deferred income tax benefit is not recorded due to lack of certainty regarding realization of this benefit.

LOSS FROM OPERATIONS

The Company continues to incur losses as it continues to increase revenue and execute on its strategic plan. The accumulated deficit at December 31, 2014 was \$123 million (2013 - \$114 million). For year ended December 31, 2014, the Company recorded revenues of approximately \$24.3 million as compared to approximately \$14.4 million for of the 2013 year. The loss before tax for the year ended December 31, 2014 was \$9.1 million as compared to \$11.5 million for the same period of 2013. Even though the business earns positive margins, the total revenue and gross profits are not enough to cover the costs of overhead for administration, selling and distribution at this time. The Company continues to focus on increasing revenues through leveraging its industry leading Westinghouse Plasma Technology.

Management believes that the Company can increase revenues as the Westinghouse Plasma Technology strengthens its reputation and more projects progress into the construction phase. The plasma gasification business consists of large dollar sales transactions that have a long-term sales cycle. There are many projects being advanced around the world using the Company's plasma solution that are expected to proceed into the construction phase. Profitability is expected to be achieved as equipment orders are fulfilled and subsequent orders obtained. As well, as the technology matures, customers are seeking exclusivity in regions around the world. License fees for this exclusivity is additive to engineering, testing and equipment revenues and management believes this will accelerate profitability. The Company is working with customers on projects in North America, South America, European Union, Middle East and Asia Pacific. Other potential sales are also possible around the world, however large scale waste-to-energy facilities have inherent risks of delay or being cancelled (see the Business Conditions and Risks section).

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital balance is approximately \$10.1 million at December 31, 2014, an increase of \$2.1 million from the balance at December 31, 2013. Working capital provides funds for the Company to meet its operational and capital requirements. On February 10, 2014, the Company raised an additional \$5 million in equity which provided additional financial strength.

Management believes that increases in revenues will provide the necessary capital to fund operations as the plasma gasification orders are large scale sales and do not tie up working capital for significant amounts of time. Delays in revenues, diminished project profit margins or higher than expected expenses could result in the need to raise additional working capital. At December 31, 2014, the Company has approximately \$0.6 million in restricted cash (2013 - \$0.5 million) against letters of credit and the Company's credit cards and carries a deferred revenue balance of \$0.3 million (2013 - \$0.5 million) primarily for project work in process that has been paid in advance by the customer.

CAPITAL EXPENDITURES

For the years ended December 31	2014		2013	
Property, plant and equipment	\$	222,829	\$	87,784
Internally generated intangible assets		224,457		381,466
Total capital expenditures	\$	447,286	\$	469,250

For the year ended December 31, 2014 expenditures on property, plant and equipment have slightly increased by approximately \$0.1 million due to the purchase of computer equipment and renovations cost incurred in relation to the new Calgary office location. Internally generated intangible asset expenditures consist of internal project development work on the Company's plasma gasification solutions, and reflect the technology modifications that Company engaged in to increase the global marketability of the technology. During 2014, the majority of the internally generated intangible assets related to a patent application fees, annuities and intellectual property development efforts.

EQUITY

The authorized share capital of the Company consists of an unlimited number of common shares. On February 10, 2014 there were 1,953,125 new common shares issued at a price of \$2.56 for a total investment of \$5 million.

As at December 31, 2014, the Company had 28,236,979 common shares issued and outstanding and 2,008,209 stock options issued and outstanding, of which 1,582,336 were vested.

On January 9, 2014, the Company granted to certain directors, officers and employees 330,369 stock options at an exercise price of \$3.12 per share, which are exercisable for a period of five years.

On May 23, 2014 the Company granted to certain directors, officers and employees 18,250 stock options at an exercise price of \$3.04 per share, which are exercisable for a period of five years.

On June 13, 2014, the shareholders of the Company approved a special resolution for the consolidation of the issued and outstanding Common Shares of the Company on the basis of four (4) existing Common Shares for one (1) new Common Share.

On June 26, 2014 the Company executed the four (4) for one (1) common share consolidation which reduced the number of outstanding shares from 112,837,908 to 28,209,479.

On August 19, 2014, the Company granted certain employees 6,250 stock options at an exercise price of \$2.62 per share, which are exercisable for a period of five years.

On September 15, 2014 the Company granted certain employees 5,000 stock options at an exercise price of \$2.71 per share, which are exercisable for a period of five years.

As at and for the year ended December 31, 2014, 30,358 new restricted share units were awarded and 108,983 were outstanding with a market value of \$293,163 and for the year an expense recorded of \$122,881. As at and for the year ended December 31, 2014, no new performance share units were outstanding, and the expense recorded for the year was \$123,894.

OUTLOOK

The first quarter of 2015 is expected to be a slower period of activity resulting in lower revenues during that time. The equipment for both Air Products projects has been delivered and other companies are waiting for commissioning of the first gasifier before placing large equipment orders. In advance of equipment orders, the Company expects to receive engineering orders in the first half of 2015. As the commissioning of the first large scale, 950 tonne per day facility, draws nearer an increasing number of large international corporations have shown interest in our technology.

During the remainder of 2015, the Company expects the plasma projects advancing, using the Westinghouse Plasma Technology, will contribute directly to increased revenues. Further gasification orders could make the Company cashflow positive and the Company is actively supporting near-term opportunities. Management is committed to focusing on capitalizing on revenue generating opportunities and focusing on the short term goals that deliver short-term cashflow.

Cash used in operations for the year ended December 31, 2014 was \$5.7 million compared to \$10.8 million for 2013. The operational cash burn (excluding working capital changes) has decreased to \$2.6 million in 2014 compared to \$5.8 million in 2013. Cash provided by operations is expected to improve as the Company secures additional plasma equipment sales contracts and license revenue. The timing of these cash flows is a function of sales timing, type and margin and can be affected by various operating issues as outlined further in the "Business Conditions and Risks" section.

RELATED PARTY TRANSACTIONS

The Company transacts with related parties in the normal course of business. The transactions are measured at the exchange amount, which is equivalent to the market rate. During the year, the Company incurred corporate legal fees totaling approximately \$152,947 (2013 – \$198,242) to a legal firm of which one officer of the Company is a partner. At December 31, 2014, \$37,177 (2013 - \$22,880) was owed to the legal firm. These fees are included in general and administrative expenses in the consolidated statement of loss and comprehensive loss.

Included in general and administrative expenses is remuneration of the officers of the Corporation. For the year ended December 31, 2014 remuneration of \$2,479,181 included \$2,076,789 of salaries and other cash-based compensation and \$402,392 of stock-based compensation costs (December 31, 2013 - \$2,085,523 and \$1,795,237 respectively).

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2014 and 2013, the Company did not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, assets held for sale, accounts payable and accrued liabilities. Due to the short term nature of these financial assets and liabilities, the carrying values equal the fair values. The Company however, remains exposed to various risks associated with financial instruments including credit risk, foreign currency risk, interest rate risk and liquidity risk. The Company did not hold or issue any derivative financial instruments during the year ended December 31, 2014 or 2013.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's audited consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date and the reported amounts of revenue and expenses for the periods presented. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Anticipating future events involves uncertainty and consequently the estimates used by management in the preparation of the audited consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. The key sources of estimation uncertainty for the year ended December 31, 2014 are consistent with those disclosed audited consolidated financial statements and are as follows:

Assessment of impairments

Management assesses the carrying amounts of non-financial assets for indications of impairment. Indications of impairment include but are not limited to:

- a decline in the assets market value
- significant changes with an adverse effect on the entity
- internal reporting indicators
- market interest rates
- the existence of obsolescence

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The Company's impairment tests for intangible assets are based on value-in-use calculations that use a discounted cash flow model. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections, including economic risk assumptions and estimates of achieving key operating metrics. Management uses its best estimate to determine which key assumptions to use in the analysis. The cash flows are derived from the Company's budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The Company measures the assets held for sale at the lower of its carrying value and fair value less costs to sell. Recognition of impairment losses or gains are measured as the fair value less costs to sell to the extent they have not already been recognized or are in excess of the initial impairment.

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in NOTE 17 of the audited consolidated financial statements.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Revenue recognition

Revenue from long-term service contracts, consisting of designing and engineering services, revenue from contracts for plasma torch systems and the engineering and design, is recognized using the percentage-of-completion method of accounting. The degree of completion is determined by comparing the costs incurred to the total costs anticipated for the contract. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models.

Reporting and functional currency

The Company's reporting and functional currency is the Canadian dollar. While many of the Company's transactions are denominated in Canadian dollars, a portion of revenue and operating expenses are in US dollars due to the geographical diversity of the Company's operations and global pursuit of sales. Judgement was applied in arriving at the functional currency for these consolidated financial statements by considering such factors as the currency in which revenues and costs are denominated in, the currency in which financing is raised and the currency in which resources are held.

Warranty provision

Provisions are recorded when a constructive or legal obligation exists as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made as the amount of the obligation. The provision is 5% of revenue on a contract by contract basis. The expected warranty costs gives consideration to specific characteristics such as goods or services delivered, amount and timing of the contract.

BUSINESS CONDITIONS AND RISKS

The business of Alter NRG is subject to certain risks and uncertainties. Prior to making any investment decision regarding Alter NRG investors should carefully consider, among other things, the risks described herein including the risks and uncertainties listed in the Forward-Looking Statements section below and the risk factors set forth in the most recently filed Annual Information Form of the Company which is incorporated by reference.

The Annual Information Form is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com. Copies of the Annual Information Form may be obtained by request, at no charge, by contacting Alter NRG Corp., Suite 460, 227 – 11th Avenue S.W., Calgary, Alberta, T2R 1R9, or by contacting Investor Relations at (403) 214-4235 or by facsimile at (403) 806-3701.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established disclosure controls and procedures to ensure the timely and accurate preparation of financial and other reports. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to the appropriate members of management and properly reflected in the Company's filings. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") oversaw the evaluation and implementation process and have concluded that the design and operation of disclosure controls and procedures are adequate and effective in ensuring that the information required to be disclosed under applicable securities laws is accurate and complete and filed within the time periods required.

The Company's CEO and CFO evaluated the design and implementation of internal controls over financial reporting and have concluded that these controls are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

It should be noted that the Company's CEO and CFO recognize that all internal controls systems, no matter how well designed, have inherent limitations and therefore have concluded that these systems provide reasonable, but not absolute assurance, that the financial information is accurate and complete in all material respects. Any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the year ended December 31, 2014 the Company did not make any significant changes to its internal controls over financial reporting that would have materially affected, or would likely materially affect, the effectiveness of such controls.

The MD&A and Financial Statements are reviewed by the Audit Committee of the Board of Directors which is charged with oversight of financial reporting, disclosure and regulatory filing compliance. Once approved by the Audit Committee, the MD&A and Financial Statements are presented to and approved by the Board of Directors.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A are “forward-looking statements”. In particular, this MD&A contains forward-looking statements pertaining to capital expenditures, schedules and commencement of operations of existing projects and projects under development; availability of project financing; timing of sales; industry trends; factors influencing capital investments and development activities; the Company’s reputation and market position within the industries in which it operates and the Company’s strategy and competitive advantages.

Forward-looking statements require management to make estimates and assumptions with respect to the outcome of future events. These estimates and assumptions could, in the future, turn out to be inaccurate and materially affect the final outcome. The significant estimates and assumptions within the Company’s forward-looking statements include:

- timing of expected revenues
- availability and cost of key materials and labour and availability of funds with respect to the amount of capital expenditures and scheduled commencement of operations
- timing of regulatory approval including various permits from federal, provincial, state and local authorities;
- the assessment of capital markets including the availability of debt and equity in current market conditions;
- commodity prices for electricity, natural gas, coal and other resources that impact the Company’s operations directly and indirectly;
- extent of investment by government authorities in infrastructure projects;
- the financial and operational health of key partners in various projects; the continued development of the Company’s technology and its use in various applications; and
- consumer demand for our solutions.

Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “propose”, “target”, “intend”, “believe”, “should”, “anticipate”, “estimate” or other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are not based on historical facts but rather on the expectations of management of the Company regarding, among other things, the Company’s future plans and intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

Forward-looking statements reflect management’s current beliefs and assumptions, based on information currently available to management. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, many of which are beyond the control of the Company. Among the material factors that could cause actual results to differ materially from those indicated by such forward-looking statements are:

- that the information is of a preliminary nature and may be subject to further adjustment;
- the completion of strategic partner’s projects;
- arrangements with key suppliers;
- potential product liability and other claims;
- other business risks outlined in this MD&A, including risks associated with the proprietary technology;
- the possible unavailability of financing at competitive rates and the related effect on development activities;
- the effect of energy price fluctuations;
- changes in government regulation, including changes to environmental regulations;
- the effects of competition;
- the dependence on senior management and key personnel; and
- fluctuations in currency exchange rates and interest rates.

MANAGEMENT'S REPORT

Management has the responsibility for preparing the accompanying consolidated financial statements, management's discussion and analysis and the related annual report. This responsibility includes selecting appropriate principles and making objective judgments and estimates in accordance with International Financial Reporting Standards and establishing appropriate internal controls over financial reporting.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Company's Board of Directors has approved the information contained in the financial statements, management's discussion and analysis and the related annual report and has overseen the performance of management's responsibilities. The Audit Committee is appointed by the Board to review the consolidated financial statements, management's discussion and analysis and the related annual report in detail with management and to report to the Board prior to its approval of these documents for publication. The Audit Committee is composed of independent Directors, whom are neither management nor employees of the Company. The Audit Committee meets with management and the external auditor to discuss the financial statements, management's discussion and analysis, the annual report and internal controls over financial reporting. In addition, the Audit Committee is responsible for recommending the appointment of the external auditors.

External auditors have full and free access to, and meet periodically and separately with, both management and the Audit Committee to discuss their audit findings.

(Signed) "Walter Howard"
Chief Executive Officer

(Signed) "Daniel Hay"
Chief Financial Officer

March 17, 2015

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alter NRG Corp.

We have audited the accompanying consolidated financial statements of Alter NRG Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alter NRG Corp. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(signed) "Deloitte LLP"
Chartered Accountants
Calgary, Alberta
March 17, 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at (Canadian dollars)	Note	December 31, 2014	December 31, 2013
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 6,407,470	\$ 7,628,798
Restricted cash	5	563,344	454,689
Accounts receivable	6	5,980,768	1,895,283
Prepaid expenses		513,807	481,435
Inventories	7	453,421	320,940
Contract work in progress	8	-	862,060
Assets held for sale	9	1,500,000	1,300,000
		15,418,810	12,943,205
Non-current assets:			
Property, plant and equipment	10	1,034,237	3,453,325
Intangible assets	11	41,781,439	40,547,625
Total assets		\$ 58,234,486	\$ 56,944,155
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 4,849,226	\$ 4,351,656
Operating lease obligation	14	137,373	95,652
Deferred revenue		348,031	522,619
		5,334,630	4,969,927
Non-current liabilities:			
Deferred income tax	13	15,337,577	14,692,567
Operating lease obligation	14	237,744	292,501
Warranty provision	15	2,158,629	1,144,327
Total liabilities		23,068,580	21,099,322
Shareholders' equity:			
Shareholders' capital	16	145,523,895	140,311,799
Contributed surplus		327,765	327,765
Reserves		11,852,823	9,185,757
Deficit		(122,538,577)	(113,980,488)
Total shareholders' equity		35,165,906	35,844,833
Total shareholders' equity and liabilities		\$ 58,234,486	\$ 56,944,155

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors:

(Signed) "Paul Heagren"

Director

(Signed) "Kevin Bolin"

Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		For the years ended December 31	
(Canadian dollars)	Note	2014	2013
Sales		\$ 24,253,604	\$ 14,436,395
Cost of sales		(17,541,564)	(11,468,621)
Gross profit		6,712,040	2,967,774
General and administrative expenses	19	(6,717,283)	(6,555,048)
Selling and distribution costs	19	(3,958,227)	(2,761,350)
Share-based payments	17	(946,710)	(823,753)
Depreciation and amortization		(5,060,411)	(2,394,366)
Foreign exchange gain		859,905	921,421
Other income		19,610	48,662
Impairment and loss on revaluation of assets held for sale	9	-	(1,374,766)
Share of loss from associate	9	-	(1,906,264)
Gain on sale of assets		-	275,000
Finance costs		(17,071)	(20,167)
Finance income		54,991	77,262
Loss before taxes		(9,053,156)	(11,545,595)
Current income tax expense	13	(159,999)	-
Deferred income tax recovery	13	655,066	610,821
Loss from operations		(8,558,089)	(10,934,774)
Gain on revaluation of assets held for sale	9	200,000	-
Exchange gain on translating foreign operations		1,879,611	921,052
Total comprehensive loss		\$ (6,478,478)	\$ (10,013,722)

LOSS PER SHARE

Basic and diluted loss per share	18	\$ (0.31)	\$ (0.43)
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See accompanying notes to the consolidated financial statements.

The 4 for 1 common share consolidation affected all the Company's outstanding common shares as at the effective date (Note 16); as a result, the prior year presentation in the financial statements has been restated.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Canadian dollars)	Issued Capital	Contributed Surplus	Revaluation of Assets Held-for-Sale Reserve	Equity Settled Employee Benefits Reserve	Foreign Currency Translation Reserve	Deficit	Total
As at January 1, 2013	\$ 129,203,784	\$ 327,765	\$ -	\$ 8,551,897	\$ (901,864)	\$ (103,045,714)	\$ 34,135,868
Loss for the year	-	-	-	-	-	(10,934,774)	(10,934,774)
Other comprehensive gain	-	-	-	-	921,052	-	921,052
Share based compensation	-	-	-	648,144	-	-	648,144
Issuance of commons shares under employee stock option plan	89,272	-	-	(33,472)	-	-	55,800
Private placement	11,100,000	-	-	-	-	-	11,100,000
Share issue costs, net	(81,257)	-	-	-	-	-	(81,257)
As at December 31, 2013	\$ 140,311,799	\$ 327,765	\$ -	\$ 9,166,569	\$ 19,188	\$ (113,980,488)	\$ 35,844,833
Loss for the year	-	-	-	-	-	(8,558,089)	(8,558,089)
Other comprehensive gain	-	-	200,000	-	1,879,611	-	2,079,611
Share based compensation	-	-	-	699,935	-	-	699,935
Issuance of common shares under employee stock option plan	300,894	-	-	(112,480)	-	-	188,414
Private placement	5,000,000	-	-	-	-	-	5,000,000
Share issue costs, net	(88,798)	-	-	-	-	-	(88,798)
As at December 31, 2014	\$ 145,523,895	\$ 327,765	\$ 200,000	\$ 9,754,024	\$ 1,898,799	\$ (122,538,577)	\$ 35,165,906

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian dollars)	Note	For the years ended December 31	
		2014	2013
Cash provided by (used in):			
Operating:			
Loss before taxes		\$ (9,053,156)	\$ (11,545,595)
Adjustment for items not involving cash:			
Share-based payments	17	699,935	648,144
Depreciation and amortization		5,060,411	2,394,366
Warranty provision	15	1,014,302	532,327
Gain on sale of assets		-	(275,000)
Finance costs		17,071	-
Finance and other income		(54,991)	(48,662)
Unrealized foreign exchange gain		(261,321)	(750,512)
Share of loss from associate	9	-	1,906,264
Net loss on revaluation of assets held for sale	9	-	1,374,766
		(2,577,749)	(5,763,902)
Change in deferred revenue		(174,589)	(1,905,911)
Change in non-cash working capital		(2,947,440)	(3,171,796)
Cash used in operations		(5,699,778)	(10,841,609)
Financing:			
Issue of share capital	16	5,000,000	11,100,000
Proceeds from stock options exercised		188,414	55,800
Finance costs paid		(17,071)	(20,167)
Share issue costs, net	16	(88,798)	(81,257)
Cash provided by financing activities		5,082,545	11,054,376
Investing:			
Purchase of property, plant and equipment	10	(222,829)	(87,784)
Proceeds on sale of assets		-	525,000
Purchase of intangible assets	11	(224,457)	(381,466)
Restricted cash	5	(108,655)	325,283
Finance income received		54,991	77,262
Cash provided by investing activities		(500,950)	458,295
Cash flow from operating, investing and financing activities:			
Cash (used in) provided by operating, investing and financing activities		(1,118,183)	671,062
Effect of translation on foreign currency transactions		(103,145)	(65,255)
Increase (decrease) in cash and cash equivalents		(1,221,328)	605,807
Cash and cash equivalents, beginning of year		7,628,798	7,022,991
Cash and cash equivalents, end of year		\$ 6,407,470	\$ 7,628,798
Cash and cash equivalents			
Cash at banks and on hand		\$ 3,521,392	\$ 6,062,298
Short-term deposits		2,886,078	1,566,500
Total cash and cash equivalents		\$ 6,407,470	\$ 7,628,798

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 CORPORATE INFORMATION

Alter NRG Corp. (the “Company”) was incorporated on February 20, 2007 in the Province of Alberta, Canada. The Company is a widely-held, publicly traded company and is domiciled at 460, 227- 11th Avenue S.W., Calgary, Alberta.

The Company markets and sells plasma gasification technology and invests in alternative energy projects using its core technologies to create saleable energy products.

The Company owns 100% of the outstanding shares of a United States of America (“US”) company, Westinghouse Plasma Corporation (“Westinghouse Plasma”), a plasma technology services company.

These financial statements were approved and authorized for issuance by the Board of Directors of Alter NRG Corp. on March 17, 2015.

NOTE 2 BASIS OF PRESENTATION

The consolidated financial statements (“financial statements”) are presented in Canadian dollars, the functional currency of the Company. The financial statements have been prepared using historical costs, except for assets held for sale, restricted share unit, and performance share units which are carried at fair value.

The financial statements of the Company include the accounts of the Company and its subsidiaries. All intercompany transactions have been eliminated. Subsidiaries are consolidated from the date of acquisition, being the date on which Control is achieved by the Company. Control is achieved when the Company has power over its subsidiaries, is exposed or has rights, to variable returns from its involvement with its subsidiaries and has the ability to use its power to affect its subsidiaries returns. The Company reassesses whether or not it controls its subsidiaries if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies, in all material respects.

Statement of compliance

These financial statements have been prepared by management, in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies set out below were applied consistently in all periods presented.

Changes in accounting policies

The International Accounting Standards Board (the “IASB”) issued a number of new and revised International Accounting Standards (“IASs”), IFRSs, amendments and related Interpretations (“IFRICs”) (herein after collectively referred to as the “New IFRSs”), certain of which are effective for the Company’s financial period beginning on or after January 1, 2014. The Company has adopted these standards as of January 1, 2014 with no material impact on the financial statements and no change to existing accounting policies.

- IFRIC 21 – Levies
- IAS 32 (Amendments) Financial Instruments – Offsetting financial assets and financial liabilities
- IAS 36 – (Amendments) Impairment of assets – Recoverable amounts disclosures for non-financial Assets
- IAS 38 (Amendments) Intangible assets
- Annual Improvements 2010 – 2012 Cycle
- Annual Improvements 2011 – 2013 Cycle
- IAS 19 (Amendments) Employee Benefits (Amended in 2011) Defined Benefit Plans: Employee Contributions

At the date of this report, the IASB has issued the following IFRSs which are not yet effective,

- IFRS 9 Financial Instruments, classification and measurement (applicable for 2015)
- IFRS 11 (Amendments) Accounting for Acquisitions of Interest in Joint Operations (applicable for 2016)
- IFRS 15 Revenue from Contracts with Customers (applicable for 2017)
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (applicable for 2016) IAS 28 Investments in associates and Joint ventures: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – (applicable for 2016)
- Annual Improvement 2012 – 2014 Cycle (applicable for 2016)

Management is assessing the impact of these new and revised standards, amendments and interpretations but they are not expected to have a material impact on the Company's financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.0 SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. Costs directly attributable to the acquisition are expensed, within general and administrative expenses, in the period in which they occur.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units ("CGUs") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Investment in associate

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence.

Under the equity method, the investment in the associate is carried at cost plus post-acquisition changes in the Company's share of the net assets of the associate. The consolidated statement of comprehensive loss reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in shareholders' equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on the investment in its associates. The Company determines at each reporting period date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of comprehensive loss.

Assets held for sale

Current and non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Current and non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In the event the sale of assets is not completed within one year of the classification date, the asset remains classified as held for sale if the reason for the delay was beyond the Company's control and management remains committed to a plan to sell the assets within the next year.

Foreign currency translation

The financial statements are presented in Canadian dollars, which is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recorded in the consolidated statement of comprehensive loss.

The assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting period date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are taken directly to a separate component of the equity called foreign currency translation reserve. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that particular foreign operation is recognized in the consolidated statement of comprehensive loss.

Revenue recognition

Revenue is recognized when all of the following conditions have been satisfied:

- the Company has transferred significant risks and rewards of ownership of the goods to the buyer
- continuing managerial involvement nor effective control over the goods sold are retained by the Company
- revenue can be measured reliably
- cost incurred or to be incurred in respect of the transaction can be measured reliably

Advance payments received from customers, in excess of revenue recognized, are classified as deferred revenue until the service is provided or the product is delivered.

Revenue from long-term service contracts, consisting of designing and engineering services, revenue from contracts for plasma torch systems and the engineering and design, is recognized using the percentage-of-completion method of accounting. The degree of completion is determined by comparing the costs incurred to the total costs anticipated for the contract. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Contract costs incurred that relate to future activity on a contract are recognized as an asset provided it is probable that they will be recovered and are classified as contract work in progress.

Interest income is recognized as interest accrues (using the effective interest method). Interest income is included in financing income on the consolidated statement of comprehensive loss.

Rental income on sub-leased properties is recognized on a straight line basis over the lease terms against the cost incurred for the original lease.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting period date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where a deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where a deferred income tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying value of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred income taxes relate to the same taxable entity and the same taxation authority.

Share-based payment transactions

Employees (including senior executives) of the Company may receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). Further, directors and senior management of the Company are granted Restricted Share Units ("RSU") and Performance Stock Units ("PSU"), respectively; both of which can only be settled in cash ("cash-settled transactions").

Restricted share units

Under the Company's RSU plan, non-employee directors are entitled to receive restricted share units. Each RSU gives the director the right to receive a lump sum cash payment based on the market value of the Company's common shares at the time the RSU vests. Compensation expense for each RSU is recognized over the vesting period, with the associated liability being recorded in accrued liabilities. At each reporting date, any change in the intrinsic value of the outstanding RSUs is recognized in earnings. Market value, per the RSU plan, is defined as the volume weighted average closing price for the immediately preceding five trading days.

Performance stock units

Under the Company's PSU plan, senior management is entitled to receive performance stock units. Each PSU gives the right to receive a lump sum cash payment based on key financial performance metrics which drive long-term stockholder value. Compensation expense for each PSU is recognized over the vesting period, with the associated liability being recorded in accrued liabilities. At each reporting date, any change in the intrinsic value of the outstanding PSUs is recognized in earnings. Market value, per the PSU plan, is defined as the volume weighted average closing price for the immediately preceding five trading days.

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they were granted. The fair value is determined by an external value using an appropriate pricing model, further details of which are given in NOTE 17.

The cost of equity-settled transactions is recognized, together with a corresponding increase in shareholders' equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date is based on the Company's best estimate of the number of equity instruments that will ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Company or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Financial assets

Initial recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value including directly attributable transaction costs, except in the case of investments recognized directly through profit or loss.

The Company's financial assets include cash and cash equivalents, restricted cash, accounts receivable, and assets held for sale.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, generally defined as within the next twelve months. Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with gains or losses recognized in the consolidated statement of comprehensive loss. The Company did have financial assets at fair value through profit or loss as at December 31, 2014 or 2013.

Loans and Receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method less any impairment. Gains and losses are recognized in the consolidated statement of comprehensive loss when the assets are derecognized or impaired. The Company did not have any loans and receivables as at December 31, 2014 or 2013.

Held-to-maturity investments: Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash received through the expected life of the financial asset to the net carrying value of the financial asset. Gains and losses are recognized in the consolidated statement of comprehensive loss when the investments are derecognized or impaired, as well as through the amortization process. The Company did not have any held-to-maturity investments as at December 31, 2014 or 2013.

Available-for-sale financial assets: Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the consolidated statement of comprehensive loss. The Company did have available-for-sale financial assets as at December 31, 2014 or 2013.

Financial liabilities

Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value.

The Company's financial liabilities include accounts payable and accrued liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive loss. Financial liabilities are classified as fair value through profit or loss if they are acquired for the purpose of selling in the near term.

Other financial liabilities: Accounts payable and accrued liabilities have been classified as other financial liabilities and are initially recognized at fair value and are subsequently measured at amortized costs.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company assesses at each reporting period date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial instruments

Financial assets

- A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Management has examined all contracts in place and determined that there is no evidence of embedded derivatives.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses and residual values, if any. Such cost includes the cost of replacing parts of the property, plant and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the property, plant and equipment as a replacement if the recognition criteria are satisfied as stated by IAS 16, Property, Plant and Equipment. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Plant and facility	10 - 20 years
Office equipment	5 years
Computer equipment	3 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of comprehensive loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimate useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the consolidated statement of comprehensive loss on a straight line basis over the lease term.

Management has examined the lease agreements and has determined that there is no evidence of embedded derivatives.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with original maturities of three months or less. Cash held as collateral for a letter of credit and to securitize credit cards is treated as restricted cash (NOTE 5).

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the consolidated statement of comprehensive loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense on the intangible assets with finite lives is recognized in the consolidated statement of comprehensive loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying value of the asset and are recognized in the consolidated statement of comprehensive loss when the asset is derecognized.

Intangible assets represent the value attributed to the technology acquired from Westinghouse Plasma in 2007 and internally generated intangible assets. The intangible assets acquired from Westinghouse Plasma are amortized on a straight-line basis over their estimated useful life estimated to be thirty years. Internally generated intangible assets are amortized once the individual asset is put into use over its estimated useful life of ten years. The carrying values of intangible assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the intangible assets recoverable amount is estimated and compared to the carrying value at the reporting date to determine if impairment is to be recognized in the consolidated statement of comprehensive loss.

Amortization is calculated on a straight-line basis over the useful life of the asset as follows:

Acquired intangible assets	1 - 30 years
Development costs	10 - 20 years
Patent and licenses	8 - 10 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. The asset is tested for impairment annually if indicators of impairment exist.

Patents

The Company's patents have been granted for a specific period by the relevant government agency. All patents are considered to have a finite life and are amortized over the period the patent was provided on a straight line basis.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials – purchased cost on a first in, first out basis.
- Work in progress – cost of direct materials and labour for specific contracts.
- Finished goods– cost of direct materials and labor.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or cash generating unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets which can generate cash inflows independently from other assets or group of assets. If an indication exists, or when annual impairment testing for an asset or CGU is required, the Company estimates the recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset or the CGU when the individual asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying value of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered to be impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU, using an appropriate valuation model. These calculations are corroborated by calculation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may be reversed. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying value of the asset does not exceed its recoverable amount, nor does it exceed the carrying value that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. Impairment reversals are recognized in the consolidated statements of comprehensive loss.

Intangible assets with an indefinite useful life are tested for impairment annually as at December 31, either individually or at the CGU, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated using the treasury stock method, which assumes that any proceeds from the exercise of share options would be used to purchase shares at the average market price during the period, unless the effect would be anti-dilutive.

3.1 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses for the periods presented. Estimates and judgments are continuously evaluated and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of the assets or liabilities in future periods.

The following are the key assumptions concerning the key sources of estimation uncertainty at December 31, 2014, that have a significant risk of causing adjustments to the carrying values of assets and liabilities.

Assessment of impairments

Management assesses the carrying amounts of non-financial assets for indications of impairment. Indications of impairment include but are not limited to:

- a decline in the assets market value
- significant changes with an adverse effect on the entity
- internal reporting indicators
- market interest rates
- the existence of obsolescence

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The Company's impairment tests for intangible assets are based on value-in-use calculations that use a discounted cash flow model. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections, including economic risk assumptions and estimates of achieving key operating metrics. Management uses its best estimate to determine which key assumptions to use in the analysis. The cash flows are derived from the Company's budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The Company measures the assets held for sale at the lower of its carrying value and fair value less costs to sell. Recognition of impairment losses or gains are measured as the fair value less costs to sell to the extent they have not already been recognized or are in excess of the initial impairment.

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in NOTE 17.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Revenue recognition

Revenue from long-term service contracts, consisting of designing and engineering services, revenue from contracts for plasma torch systems and the engineering and design, is recognized using the percentage-of-completion method of accounting. The degree of completion is determined by comparing the costs incurred to the total costs anticipated for the contract. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models.

Reporting and functional currency

The Company's reporting and functional currency is the Canadian dollar. While many of the Company's transactions are denominated in Canadian dollars, a portion of revenue and operating expenses are in US dollars due to the geographical diversity of the Company's operations and global pursuit of sales. Judgment was applied in arriving at the functional currency for these consolidated financial statements by considering such factors as the currency in which revenues and costs are denominated in, the currency in which financing is raised and the currency in which resources are held.

Warranty provision

Provisions are recorded when a constructive or legal obligation exists as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made as to the amount of the obligation. The provision is 5% of revenue on a contract by contract basis. The expected warranty costs give consideration to specific characteristics such as goods or services delivered, amount and timing of the contract.

NOTE 4 CASH AND CASH EQUIVALENTS

As at December 31	2014		2013	
Cash at banks and on hand	\$	3,521,392	\$	6,062,298
Short-term deposits		2,886,078		1,566,500
Total cash and cash equivalents	\$	6,407,470	\$	7,628,798

NOTE 5 RESTRICTED CASH

As at December 31	2014		2013	
Cash collateral for corporate credit cards	\$	137,008	\$	79,770
Letters of credit		426,336		374,919
Total restricted cash	\$	563,344	\$	454,689

At December 31, 2014, the Company held its restricted cash in short term investments including \$137,008 (December 31, 2013 - \$79,770) in short-term revolving term deposits and \$426,336 (December 31, 2013 - \$374,919) in guaranteed investment certificates. The term deposits and guaranteed investment certificates earn interest at rates of 1% to 2% (2013 - 1% to 2%). Restricted cash is expected to be released within the next twelve months; accordingly, all restricted cash has been classified as a current asset.

NOTE 6 ACCOUNTS RECEIVABLE

As at December 31	2014		2013	
Trade receivables	\$	3,402,692	\$	413,678
Accrued receivables		2,561,950		1,295,180
Other receivables		16,126		243,160
Allowance for doubtful accounts		-		(56,735)
Total accounts receivable	\$	5,980,768	\$	1,895,283

Allowance for doubtful accounts	2014		2013	
Balance, beginning of year	\$	56,735	\$	85,594
Applied during the year		(56,735)		(28,859)
Balance, end of year	\$	-	\$	56,735

NOTE 7 INVENTORIES

As at December 31	2014		2013	
Equipment, parts and materials	\$	453,421	\$	320,940

The Company maintains inventory of equipment, parts and materials for sales; this inventory is valued at the lower of cost and net realizable value. The cost of inventories recognized as an expense during the year was \$0.9 million (2013 - \$0.3 million).

NOTE 8 CONTRACT WORK IN PROGRESS

As at December 31	2014	2013
Contract work in progress	\$ -	\$ 862,060

Work in progress are costs incurred that relate to future activities of ongoing contracts.

NOTE 9 ASSETS HELD FOR SALE AND INVESTMENT IN ASSOCIATE

On July 26, 2012, the Company completed the acquisition of 10,000,000 shares in SustainCo. Inc. (formerly Bellair Ventures Inc.) ("SustainCo") as a part of the sale agreement for CleanEnergy. On July 26, 2012, the Company's ownership in SustainCo was 58%. On December 5, 2012, SustainCo issued shares to acquire Urban Mechanical Ltd. which resulted in a dilution of ownership to 37%. On January 15, 2013, SustainCo finalized a private placement of shares for \$1,267,246, which resulted in a further dilution of ownership to 34%. On September 13, 2013, the Company filed a notice of intention to sell its 10,000,000 shares of SustainCo. In prior reporting periods, the Investment in Associate was accounted for using the equity method. As the Company intends to sell the investment, the investment was reclassified to current assets held for sale at September 30, 2013. During the current year, a gain on revaluation of assets of \$200,000 has been recorded in comprehensive income (2013 – loss of \$200,000).

Investment, December 31, 2012	\$ 4,581,030
Share of loss from associate	(1,906,264)
Impairment of investment	(1,174,766)
Assets held for sale, September 13, 2013	\$ 1,500,000
Loss on revaluation of assets held for sale	(200,000)
Assets held for sale, December 31, 2013	\$ 1,300,000
Gain on revaluation of assets held for sale	200,000
Asset held for sale, December 31, 2014	\$ 1,500,000

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	Plant and facility		Leasehold improvements		Office equipment		Computer equipment		Total
Cost									
December 31, 2012	\$	4,685,579	\$	155,403	\$	228,604	\$	559,826	\$ 5,629,412
Additions		-		-		-		87,784	87,784
Disposals		(250,000)		-		-		-	(250,000)
Exchange adjustment		306,775		6,187		2,728		9,065	324,755
December 31, 2013	\$	4,742,354	\$	161,590	\$	231,332	\$	656,675	\$ 5,791,951
Additions		-		185,040		5,645		32,144	222,829
Retirements		-		(65,820)		(189,100)		(303,738)	(558,658)
Exchange adjustment		430,916		8,689		3,832		16,359	459,796
December 31, 2014	\$	5,173,270	\$	289,499	\$	51,709	\$	401,440	\$ 5,915,918
Accumulated depreciation									
December 31, 2012	\$	(1,104,215)	\$	(107,605)	\$	(209,564)	\$	(546,006)	\$ (1,967,390)
Depreciation for the year		(216,100)		(11,333)		(19,040)		(25,011)	(271,484)
Exchange adjustment		(83,318)		(6,031)		(2,728)		(7,675)	(99,752)
December 31, 2013	\$	(1,403,633)	\$	(124,969)	\$	(231,332)	\$	(578,692)	\$ (2,338,626)
Depreciation for the year		(2,704,181)		(68,938)		(282)		(39,942)	(2,813,343)
Retirements				65,820		189,100		303,738	558,658
Exchange adjustment		(263,478)		(8,689)		(3,832)		(12,371)	(288,370)
December 31, 2014	\$	(4,371,292)	\$	(136,776)	\$	(46,346)	\$	(327,267)	\$ (4,881,681)
Net book value									
December 31, 2014	\$	801,978	\$	152,723	\$	5,363	\$	74,173	\$ 1,034,237
December 31, 2013	\$	3,338,721	\$	36,621	\$	-	\$	77,983	\$ 3,453,325

During the second quarter of 2014, the Company decided to relocate the operations of Westinghouse Plasma in 2015. Certain assets will not be moved to the new location; with the increase in commercially operating facilities, a full pilot facility is no longer required to support sales efforts. As such, the Company reviewed the remaining economic lives of the assets that will not be moved to the new location and determined that these assets should be recorded at their salvage value. The effect of this change was to increase depreciation expense by \$2.4 million. This estimate may be revised as further information is available. All assets in use are being depreciated at their useful lives.

NOTE 11 INTANGIBLE ASSETS

	Acquired Intangibles	Development Costs	Patents	Total
Cost				
December 31, 2012	\$ 43,826,767	\$ 5,766,488	\$ 136,357	\$ 49,729,612
Additions	-	293,520	87,946	381,466
Exchange adjustment	2,911,289	43,082	-	2,954,371
December 31, 2013	\$ 46,738,056	\$ 6,103,090	\$ 224,303	\$ 53,065,449
Additions	-	-	224,457	224,457
Exchange adjustment	4,240,525	58,759	-	4,299,284
December 31, 2014	\$ 50,978,581	\$ 6,161,849	\$ 448,760	\$ 57,589,190
Accumulated amortization				
December 31, 2012	\$ (8,318,785)	\$ (1,437,928)	\$ (10,312)	\$ (9,767,025)
Charge for the year	(1,508,573)	(605,458)	(8,851)	(2,122,882)
Exchange adjustment	(623,793)	(4,124)	-	(627,917)
December 31, 2013	\$ (10,451,151)	\$ (2,047,510)	\$ (19,163)	\$ (12,517,824)
Charge for the year	(1,617,845)	(612,798)	(16,425)	(2,247,068)
Exchange adjustment	(1,029,670)	(13,189)	-	(1,042,859)
December 31, 2014	\$ (13,098,666)	\$ (2,673,497)	\$ (35,588)	\$ (15,807,751)
Net book value				
December 31, 2014	\$ 37,879,915	\$ 3,488,352	\$ 413,172	\$ 41,781,439
December 31, 2013	\$ 36,286,905	\$ 4,055,580	\$ 205,140	\$ 40,547,625

Acquired intangible assets were assets acquired through the purchase of the Westinghouse Plasma in 2007. Development costs are costs spent on continued improvements of plasma technology. Patents are purchased and updated regularly to protect the integrity of the plasma technology.

All intangibles are being amortized over their estimated useful lives and at December 31, 2014 have been assessed for indicators of impairment. Facts or circumstances that may suggest the carrying value may be impaired include:

- Market value has declined significantly during the period;
- Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future;
- Market interest rates or other market rates of return on investments have increased during the period;
- The carrying amount of the net assets of the entity is more than its market capitalization;
- Evidence is available of obsolescence or physical damage of an asset; and
- Evidence is available from internal reporting that indicates that economic performance of the asset is or will be worse than expected.

Management's assessment determined that there was no indication that intangible assets were impaired as at December 31, 2014.

NOTE 12 COMMITMENTS

The Company has obligations under operating lease agreements for office space with future obligations for the remainder of the term as summarized below:

2015	\$	854,188
2016		608,980
2017		608,980
2018		458,005
Thereafter		-
	\$	2,530,153

Within one year	\$	854,188
Two to five years		1,675,965
More than five years		-
	\$	2,530,153

The Company is engaged in a sub-lease agreement for which payments expected to be received over the next fiscal year total \$112,674.

In March 2014, the Company entered into a second sub lease agreement to lease out its former office space, for which payments of \$323,296 are expected to be received annually over the next 4 years. A provision for the onerous lease of \$71,396 (2013 - \$318,143) has been recorded and included in general and administrative expense for the year ended December 31, 2014; it is the present value of the future lease payments the Company is obligated to make less revenue expected to be earned on the lease.

In March 2014, the Company entered into a commercial sublease agreement for new office space, of which payments of approximately \$99,000 per annum plus operating expenses. These are included in the commitments above.

At December 31, 2014 and 2013, the Company has no capital commitments.

NOTE 13 DEFERRED INCOME TAXES

The provision for income taxes in the financial statements differs from the result that would be obtained applying the federal and provincial tax rates to the Company's loss before income taxes. The difference results from the following items:

For the years ended December 31	2014	2013
Loss before income taxes	\$ (9,053,156)	\$ (11,545,595)
Combined federal and provincial tax rate	25.00%	25.00%
Computed "expected" income tax recovery	\$ (2,263,289)	\$ (2,886,399)
Non-deductible expenses	212,428	215,807
Differences in foreign tax rates	(657,124)	(328,183)
Differences in foreign exchange rates	12,615	(194,457)
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	2,200,303	2,582,411
Income tax recovery	(495,067)	(610,821)

As at December 31	2014	2013
Current income tax expense	159,999	-
Deferred income tax recovery	(655,066)	(610,821)
Income tax recovery	(495,067)	(610,821)

As the acquired intangible assets are amortized, there is a corresponding reduction in the deferred tax liability relating to these intangible assets which is disclosed as deferred income tax recovery. The Company has not recorded deferred tax assets as their realization is less than probable due to the Company's continued operating losses.

Components of deferred income tax liabilities and unrecognized deferred tax assets are as follows:

As at December 31	2014	2013
Deferred income tax liabilities:		
Intangible assets	\$ (15,337,577)	\$ (14,692,567)
As at December 31	2014	2013
Unrecognized deferred income tax assets:		
Property, plant and equipment	\$ 1,954,041	\$ 779,954
Share/Unit issuance costs	98,145	120,132
Net capital losses	3,503,926	3,280,688
Non-capital losses	15,757,678	14,761,753
Investments	1,187,500	1,237,500
Warranty provisions	548,894	270,500
Unrealized foreign exchange and other	424,585	185,860
Components of unrecognized deferred income tax assets	\$ 23,474,769	\$ 20,636,387

Movements in deferred income tax liabilities are as follows:

	Intangible assets
At December 31, 2012	\$ (14,333,609)
Recognized in net loss from operations	610,821
Exchange adjustment	(969,779)
At December 31, 2013	\$ (14,692,567)
Recognized in net loss from operations	655,066
Exchange adjustment	(1,300,076)
At December 31, 2014	\$ 15,337,577

The Company has accumulated non-capital losses for income tax purposes related to its continuing operations that expire as follows:

Accumulated non-capital losses		Canadian (CD\$)	US (US\$)
Expiring in	2026	\$ 70	\$ -
	2027	3,795,683	25,866
	2028	6,986,926	943,260
	2029	7,923,396	2,330,058
	2030	6,306,736	187,463
	2031	8,240,259	-
	2032	4,810,346	1,921,912
	2033	10,889,324	492,958
	2034	1,972,364	541,415
Total		\$ 50,925,104	\$ 6,442,932

Accumulated net-capital losses	Canadian (CD\$)	US (US\$)
	\$ 14,015,705	\$ -

NOTE 14 OPERATING LEASE OBLIGATION

As at	December 31, 2014		December 31, 2013	
Operating lease obligation, beginning of year	\$	388,153	\$	90,385
Additional obligations recognized		-		318,143
Reductions arising from payments		(13,036)		(20,375)
Operating lease obligation	\$	375,117	\$	388,153

As at	December 31, 2014		December 31, 2013	
Current	\$	137,373	\$	95,652
Long-term		237,744		292,501
Total operating lease obligation	\$	375,117	\$	388,153

The Company has recognized an onerous lease provision for office space which will not be used by the Company. The provision has been calculated based on the total remaining lease payments less any sublease income for the period in which the leased space is no longer in use. This provision is reduced in subsequent periods over the remaining lease term.

NOTE 15 WARRANTY PROVISION

	Provision		Claims		Total
As at December 31, 2012	\$	612,000	\$	-	\$ 612,000
Equipment warranty		532,327		-	532,237
As at December 31, 2013	\$	1,144,327	\$	-	\$ 1,144,327
Equipment warranty		1,014,302		-	1,014,302
As at December 31, 2014	\$	2,158,629	\$	-	\$ 2,158,629

The Company guarantees the components and workmanship of its equipment sales for periods ranging from 12 to 18 months post commissioning. Currently, the Company provides for anticipated warranty expense at 5% of contractual revenue. As further data becomes available, this estimate may be refined.

NOTE 16 SHAREHOLDERS' CAPITAL

Authorized

At December 31, 2013 and 2014, there is an unlimited number of authorized common shares, voting and participating.

For the years ended December 31	2014		2013	
Issued and fully paid	Number Issued	Amount	Number Issued	Amount
Shareholders' capital, beginning of year	26,168,969	\$ 140,311,799	17,594,258	\$ 129,203,784
Private placement of shares	1,953,125	5,000,000	8,538,460	11,100,000
Share issue costs	-	(88,798)	-	(81,257)
Stock options exercised	114,885	300,894	36,251	89,272
Common shares issued and fully paid, end of year	28,236,979	\$ 145,523,895	26,168,969	\$ 140,311,799

On June 13, 2014, the shareholders of the Company approved a special resolution for the consolidation of the issued and outstanding common shares of the Company on the basis of four (4) existing common shares for one (1) new common share. On June 26, 2014, the Company executed the four (4) for one (1) common share consolidation which reduced the number of outstanding shares from 112,837,908 to 28,209,479. The 4 for 1 consolidation affected all the Company's outstanding common shares as at the effective date; as a result, the prior year presentation in the financial statements has been restated.

On February 10, 2014, the Company announced the closing of 1,953,125 common shares at a price of \$2.56 per share pursuant to a non-brokered private placement offering for total gross proceeds of approximately \$5 million.

NOTE 17 SHARE-BASED PAYMENTS

For the years ended December 31	2014	2013
Expenses arising from equity-settled share-based payment transactions	\$ 699,935	\$ 648,144
Expenses arising from cash-settled share-based payment transactions	246,775	175,609
Total expenses	\$ 946,710	\$ 823,753

For the year ended December 31, 2014, share-based payments accounted for 14% (2013– 15%) of the total employee wage, salary and benefits expense.

Stock-option plan

The Company has a stock option plan for employees, officers and directors.

The Company may grant options up to 10% of the aggregate number of common shares outstanding, with no one optionee permitted to hold more than 50% of the total options outstanding. The options vest one-third immediately with an additional one-third on the first and second anniversary dates of the grant and expire in five to ten years from the date of grant. The expected volatility is based upon the movement in the daily share prices of the Company.

The exercise price of the options is based on the weighted average market price of the shares for the previous five days. The contractual life of the options is five to ten years and there are no cash settlement alternatives. The weighted-average fair value of options granted for the year ended December 31, 2014 was \$3.10 (December 31, 2013 – \$1.74) per option.

The Company uses a Black-Scholes option pricing model to determine the estimated fair value of the options at the date of grant and the associated compensation expense over the life of the options. A summary of the assumptions used in the Black-Scholes option pricing model to determine the estimated value is as follows:

For the years ended December 31	2014	2013
Expected volatility	92% to 138%	90% to 93%
Dividend rate	0%	0%
Risk free interest rate	1.39% to 1.62%	1.21% to 1.53%
Forfeiture rate	7.79%	7.28%
Expected life	4 years	4 years

For the years ended December 31	2014		2013	
	Number of Options	Weighted Average Exercise Price (\$/option)	Number of Options	Weighted Average Exercise Price (\$/option)
Outstanding, beginning of year	1,818,042	2.56	1,517,600	\$ 4.49
Granted	359,869	3.10	730,750	1.74
Forfeited	(54,817)	4.91	(394,058)	5.19
Exercised	(114,885)	1.64	(36,250)	1.54
Outstanding, end of year	2,008,209	2.65	1,818,042	\$ 2.56
Exercisable, end of year	1,582,336	2.73	1,164,285	\$ 3.04

As at December 31, 2014		Outstanding			Exercisable		
		Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$/option)	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$/option)	
\$	1.00 – 2.50	1,275,330	2.86	1,73	1,045,579	2.72	1.73
	2.51 – 4.00	571,246	3.57	3.23	375,124	3.31	3.30
	5.51 – 7.00	98,755	0.79	6.83	98,755	0.79	6.83
	7.01 – 8.50	9,501	0.22	8.44	9,501	0.22	8.44
	8.51 – 10.00	48,376	2.21	9.13	48,376	2.21	9.13
	13.01 – 14.50	5,001	3.09	13.20	5,001	3.09	13.20
Total	2,008,209	2.93	2.65	1,582,336	2.71	2.73	

The 4 for 1 Common Share consolidation affected all the Company's outstanding stock options as at the effective date; as a result, the prior year presentation in the financial statements has been restated.

Restricted share unit plan

This plan is offered to directors of the Company. Each Restricted Share Unit ("RSU") gives the director the right to receive a lump-sum cash payment based on the market value of the Company's shares with respect to each RSU which has vested in accordance with the terms of the grant agreement relating to the RSU. For the year ended December 31, 2014, 30,358 new RSUs were awarded (2013 – 99,231). As at December 31, 2014 108,983 RSUs (December 31, 2013 – 69,868) were outstanding with a market value of \$293,163 (December 31, 2013 – \$200,916). The compensation expense recognized for the year ended December 31, 2014 was \$122,881 (December 31, 2013 - \$113,609).

Performance share unit plan

Performance Share Units ("PSU") may be offered to any officer or employee of the Company or an affiliate beginning January 1, 2011. Each grant agreement shall provide, at the grant date, the number of PSUs or Target Award subject to such grant, the applicable vesting conditions, performance conditions, performance period(s) and the performance condition measurement period and may specify such other terms and conditions. During the year no new PSUs were awarded (2013 – 108,253). Performance metrics include the performance of the Company's share price, EBITDA in comparison to a peer group and may include service status. The related compensation expense recognized during the year was \$123,894 (December 31, 2013 - \$62,000).

NOTE 18 LOSS PER SHARE

Basic and diluted loss per share amounts are calculated by dividing net operating loss for the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the year ended December 31, 2014 was 27,999,976 (December 31, 2013 – 25,432,120). As the Company is in a loss position, any conversion of options would be anti-dilutive to the loss per share calculation.

NOTE 19 EXPENSES

General and administrative

For the years ended December 31	2014	2013
Employee costs	\$ 4,412,325	\$ 4,248,785
Less amounts allocated to:		
Cost of sales	(1,174,312)	(1,034,545)
Intangible assets	(8,075)	(108,680)
Employee costs, net of allocations	3,229,938	3,105,560
Office and operating costs	1,546,921	1,789,491
Professional and consulting fees	932,558	1,001,750
Travel costs	356,906	250,405
Other costs	650,960	407,842
General and administrative expenses	\$ 6,717,283	\$ 6,555,048

Selling and distribution

For the years ended December 31	2014	2013
Employee costs	\$ 2,246,306	\$ 1,192,624
Professional and consulting	401,547	574,963
Travel	1,138,421	961,738
Advertising	152,464	16,455
Other	19,489	15,570
Selling and distribution expenses	\$ 3,958,227	\$ 2,761,350

NOTE 20 RELATED PARTY TRANSACTIONS

The Company transacts with related parties in the normal course of business. The transactions are measured at the exchange amount, which is equivalent to the fair value. During the year, the Company incurred corporate legal fees totaling approximately \$152,947 (2013 – \$198,242) to a legal firm of which one officer of the Company is a partner. At December 31, 2014, \$37,177 (2013 - \$22,880) was owed to the legal firm. These fees are included in general and administrative expenses in the consolidated statement of comprehensive loss. Included in general and administrative expenses is remuneration of the officers of the Corporation. For the year ended December 31, 2014 remuneration of \$2,479,181 included \$2,076,789 of salaries and other cash-based compensation and \$402,392 of stock-based compensation costs (December 31, 2013 - \$2,085,523 and \$1,795,237 respectively).

NOTE 21 SEGMENTED INFORMATION

Revenues for the Company are obtained from a few key customers. One customer's sales accounted for \$20,870,252 or 86% of total revenue for the year ended December 31, 2014 (December 31, 2013 - \$10,786,281, 75%).

The Company's revenues are obtained internationally. The geographic breakdown of where sales are obtained is listed below:

For the years ended December 31	2014	% of Sales	2013	% of Sales
United Kingdom	\$ 20,870,252	86%	\$ 10,786,281	75%
United States	1,986,802	8%	1,334,780	9%
China	1,067,971	5%	1,315,334	7%
Thailand	328,579	1%	1,000,000	9%
Total	\$ 24,253,604	100%	\$ 14,436,395	100%

NOTE 22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial liabilities comprise accounts payables and accrued liabilities. The Company's financial assets are comprised of cash and cash equivalents, restricted cash, and accounts receivable that arise directly from its operations. The Company did not hold or issue any derivative financial instruments at December 31, 2014 and December 31, 2013.

The Company is exposed to interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and is supported by an appropriate financial risk governance framework.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's cash and cash equivalents balance.

The Company has deposited its cash and cash equivalents with a Canadian financial institution in a low risk, interest-bearing account. The fluctuation in the Company's comprehensive loss and equity for the year ended December 31, 2014 would have been approximately \$99,500 (December 31, 2013 – \$82,500) for each 1.0% variation in the interest rate on its cash and cash equivalents.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expenses are denominated in a different currency from the Company's functional currency, and the Company's net investments in foreign subsidiaries.

The Company's foreign exchange exposure is primarily on translation of its foreign subsidiary as opposed to transactional. This has primarily an unrealized or non-cash impact on the Company's results. The Company's US subsidiary's operations are in the US and revenue, expenses, assets and liabilities are denominated in US dollars. As a result, the Company's financial statements are impacted by changes in foreign currency exchange between Canadian and US dollars. The US dollar based losses are also converted into Canadian dollars for purposes of consolidated financial reporting. This conversion does not result in foreign exchange gains or losses but does result in lower or higher net losses from US operations than would have occurred had the exchange rate not changed. If the Canadian dollar strengthens against the US dollar, the Canadian dollar equivalent of net losses from US operations will be impacted as reduced losses. For the year ended December 31, 2014, the fluctuation in the Company's comprehensive loss and equity would have been approximately \$2.7 million (December 31, 2013 - \$2.2 million) for each \$0.10 variation in the United States/Canadian dollar exchange rate on translation of its US subsidiary upon consolidation.

The Company transacts its Canadian operations primarily in Canadian dollars; however, it occasionally purchases goods and supplies and earns revenue in US dollars. The US operations are transacted in US dollars. These transactions and foreign exchange exposure would not typically have a material effect on the Canadian operation's financial results.

Credit risk

The Company is exposed to credit risk from its operating activities, primarily for trade accounts receivables including deposits with banks and financial institutions.

The Company's cash and cash equivalents and restricted cash are presented on the statements of consolidated statements of financial position and in NOTES 4 and 5. Management reviews the financial strength of the financial institutions on a regular basis.

Trade accounts receivable of the Company are subject to credit risk. There is a provision for amounts outstanding at December 31, 2014 of \$nil (December 31, 2013 - \$56,735); which represents balances greater than 90 days past due that the Company feels they are not collectable. The decrease is due to the write off of individual accounts receivable invoices in 2014. The Company believes the remaining amounts outstanding over 90 days will ultimately be collected. The Company minimizes its credit risk by requiring deposits on technology sales.

The aging of accounts receivable (net of allowance) is as follows:

As at December 31	2014		2013	
Current	\$	5,473,089	\$	1,420,314
31 to 60 days	\$	116,625		-
61 to 90 days	\$	3,933		-
Over 90 days	\$	387,121		474,969
Accounts receivable total	\$	5,980,768	\$	1,895,283

The maximum exposure risk is limited to the carrying value of financial assets on the Company's consolidated statements of financial position.

Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. At December 31, 2014, the Company had positive working capital of approximately \$10 million. The Company secured equity financing in the amount of \$5 million on February 10, 2014 that alleviated the short-term need for additional working capital. The majority of accounts payable are subject to normal 30 day payment terms.

Capital management

The Company's defines capital as shareholders' equity as operations are financed primarily through equity transactions. The Company's objectives when managing capital are to sustain its ability to continue as a going concern, maximize returns for shareholders and benefits for other stakeholders and provide resources to enable growth.

The Company manages the capital structure and responds to changes in economic conditions and planned requirements and will continue to use cash flows from technology sales and equity offerings to fund operations and invest in its capital expenditure program. To the extent the existing strategy is not sufficient to meet capital demands, other capital strategies may include debt financing and obtaining strategic partners to fund a portion of certain development projects.

As at and for the year ended December 31, 2014, the Company had a net loss from operations of \$8,558,089, negative cash flows from continuing operations of \$5,699,778, and had an accumulated deficit of \$122,538,577 (as at and for the year ended December 31, 2013 - \$10,934,774, \$10,841,609 and \$113,980,488, respectively). Management continues to develop new sustainable energy solutions which is a long-term process and recognizes that the Company must generate positive cash flows or secure additional financial resources in order to meet its liabilities as they come due and to enable the Company to continue operations. Management believes that the entity will continue to be a going concern for the foreseeable future.

Fair value

Financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, assets held for sale, accounts payable and accrued liabilities.

The Company has financial assets designated at fair value through profit or loss in its consolidated statements of financial position. Due to the short-term nature of the Company's financial assets and liabilities, the carrying values equal fair values.

The Company classifies financial instruments carried at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than unadjusted quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of the Company's cash and cash equivalents and restricted cash have been assessed using the fair value hierarchy described above, and have been determined using Level 1 inputs.

The fair value of the Company's share-based payment transactions, restricted share units, performance stock units, accounts receivable, accounts payable and accrued liabilities have been assessed using the fair value hierarchy described above, and have been determined using Level 2 inputs.

The Company does not have any financial assets or financial liabilities, held at fair value, classified as Level 3 as at December 31, 2014.

The financial assets and liabilities by categories as follows:

At December 31, 2014	Fair value through profit or loss		Financial assets available for sale		Other financial liabilities		Total
Financial Assets							
Cash and cash equivalents	\$	6,407,470	\$	-	\$	-	\$ 6,407,470
Restricted cash		563,344		-		-	563,344
Accounts receivable		5,980,768		-		-	5,980,768
Assets held for sale		-		1,500,000		-	1,500,000
Total financial assets		12,951,582		1,500,000		-	14,451,582
Financial liabilities							
Accounts payable and accrued liabilities				-		(4,849,226)	(4,849,226)
Total financial liabilities	\$	-	\$	-	\$	(4,849,226)	\$ (4,849,226)
At December 31, 2013							
Financial Assets							
Cash and cash equivalents	\$	7,628,798	\$	-	\$	-	\$ 7,628,798
Restricted cash		454,689		-		-	454,689
Accounts receivable		1,895,283		-		-	1,895,283
Assets held for sale		-		1,300,000		-	1,300,000
Total financial assets		9,978,770		1,300,000		-	11,278,770
Financial liabilities							
Accounts payable and accrued liabilities		-		-		(4,351,656)	(4,351,656)
Total financial liabilities	\$	-	\$	-	\$	(4,351,656)	\$ (4,351,656)

MANAGEMENT & DIRECTORS

[ALTER NRG CORP.]



WALTER HOWARD
CEO



DANNY HAY
CFO



RICHARD FISH
PRESIDENT



KENT HICKS
CHIEF TECHNOLOGY
OFFICER



KEVIN BOLIN
CHAIRMAN



NANCY LAIRD
LEAD DIRECTOR



MARK MONTEMURRO
DIRECTOR



EUGENE TENENBAUM
DIRECTOR



PAUL HEAGREN
DIRECTOR



SCOTT WHITNEY
DIRECTOR



WAYNE SIM
DIRECTOR

CORPORATE INFORMATION

[ALTER NRG CORP.]

DIRECTORS

Kevin Bolin ⁽¹⁾	- Chairman
Nancy Laird ⁽²⁾	- Lead Director
Walter Howard	- Director
Mark Montemurro ⁽³⁾	- Director
Eugene Tenenbaum	- Director
Paul Heagren ⁽⁴⁾	- Director
Wayne Sim	- Director

MANAGEMENT

Walter Howard	- Chief Executive Officer
Danny Hay	- Chief Financial Officer
Richard Fish	- President
Kent Hicks	- Chief Technology Officer

(1) Chair of Project Committee

(2) Chair of Compensation, Governance and Nominating Committee

(3) Chair of Health, Safety and Environment

(4) Chair of Audit Committee

STOCK EXCHANGE LISTINGS

TSX Symbol: NRG

OTCQX Symbol: ANRGF

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Calgary, Alberta

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GLOSSARY

MW megawatts

Syngas synthesis gas

WTE waste-to-energy

tpd tonnes per day

tpy tonnes per year

