

ALTER N₂RG

CLEAN • EFFICIENT • ALTERNATIVE ENERGY SOLUTIONS



Waste to
Energy

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.



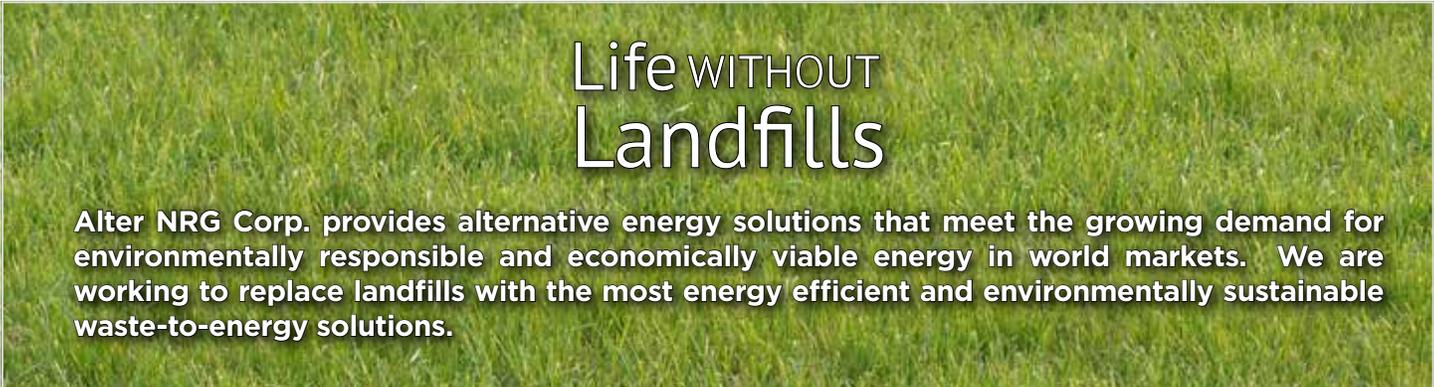
Westinghouse Plasma Corporation

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.**

[TABLE OF CONTENTS]

TODAY'S WASTE CHALLENGES	4
TODAY'S WASTE SOLUTION	5
PLASMA GASIFICATION	6
WASTE TREATMENT COMPARISONS	7
WESTINGHOUSE PLASMA GASIFICATION SOLUTION	8
PROVEN WASTE TREATMENT	9
CEO MESSAGE	10-11
2014 HIGHLIGHTS	12-13
PLASMA GASIFICATION NEW SCALE	14
TEES VALLEY FACILITIES	15
PROVIDING A SUSTAINABLE PATH FORWARD TO MANAGE HAZARDOUS WASTE	16
WESTINGHOUSE PLASMA HAZARDOUS WASTE SOLUTION	17
GROWING SALES PIPELINE	18
MARKET POTENTIAL	19
MANAGEMENT'S DISCUSSIONS & ANALYSIS	20-36



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:

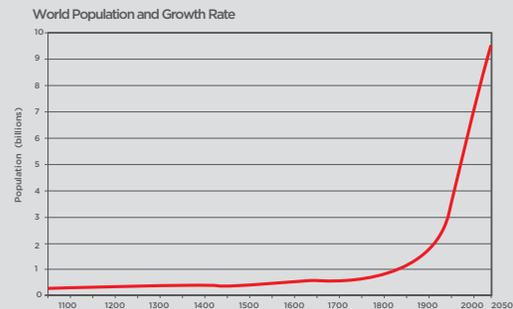
Global methane emissions from landfills are about:

750 million

metric tonnes of CO₂ equivalents (MMTCO₂E)

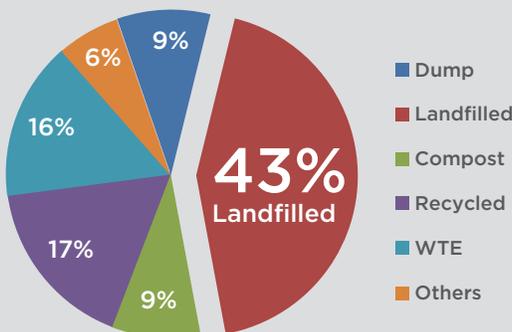
(Source: Global Methane Initiative, 2011)

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



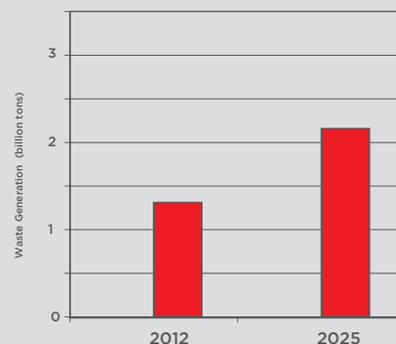
(Source: UN Population, 2014)

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:

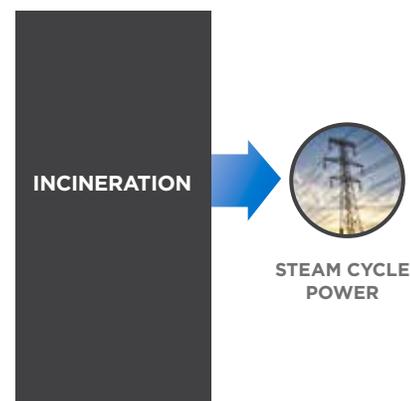
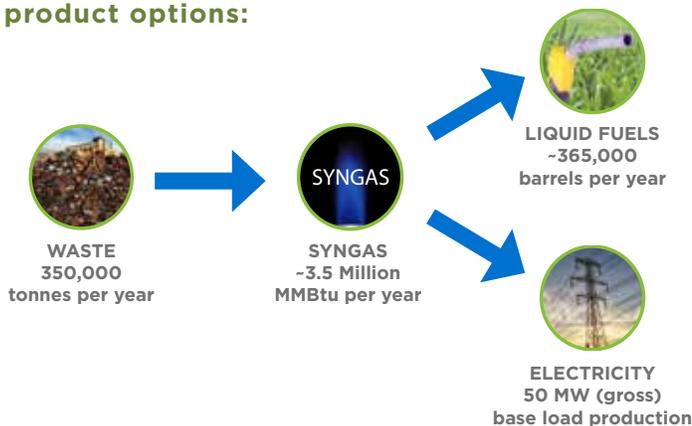
- Diverts household waste from landfills
- Reduces greenhouse gases
- Creates valuable energy to power our world
- Can handle multiple waste streams
- Creates power (using both steam cycle and combined cycle), liquids and chemicals
- No hazardous/harmful ashes that endanger human life

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) baseload production
- **Biofuels:** none

Westinghouse Plasma gasification product options:

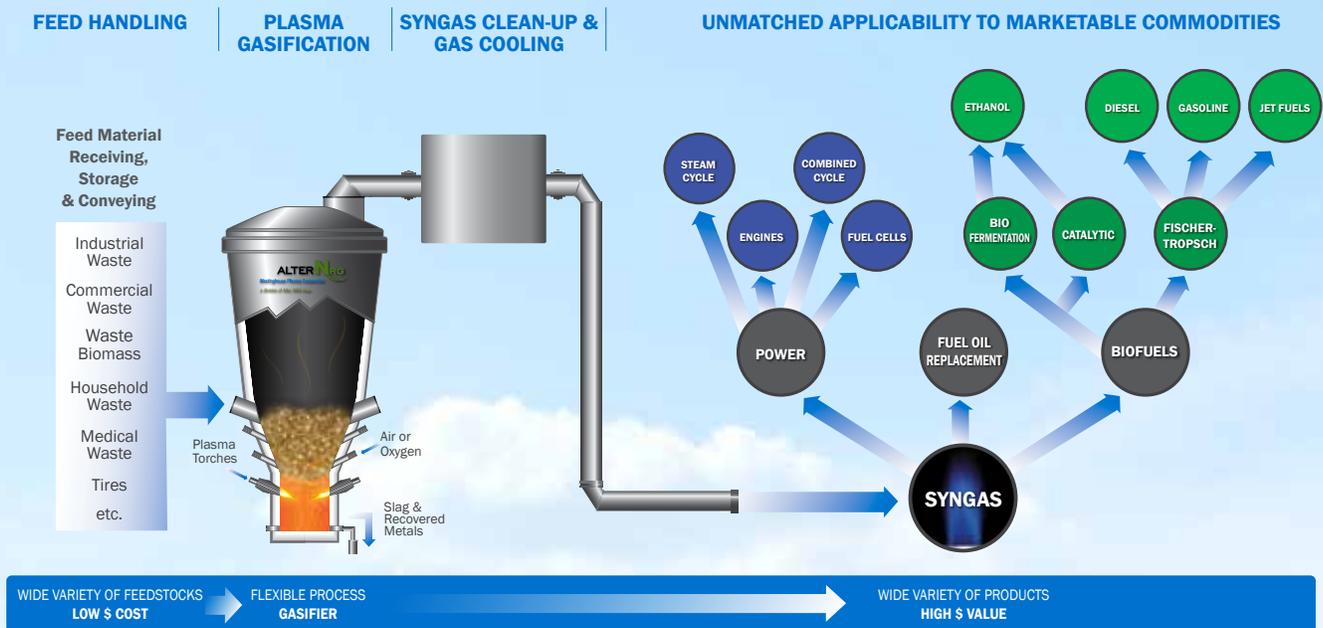


“ The challenges surrounding MSW are going to be enormous, on a scale, if not greater than, the challenges we are currently facing with climate change. It’s a relatively silent problem that is growing daily.”

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



WIDE VARIETY OF FEEDSTOCKS LOW \$ COST → FLEXIBLE PROCESS GASIFIER → WIDE VARIETY OF PRODUCTS HIGH \$ VALUE

▪ Gasification is not incineration

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



WASTE TREATMENT COMPARISONS

[PLASMA GASIFICATION IS THE BEST CHOICE]

BURY

Landfilling waste:

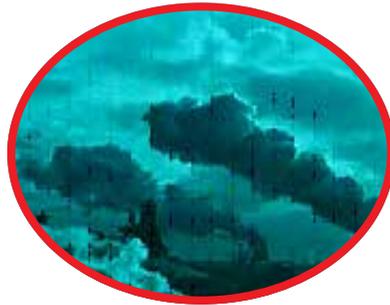
200 kWh (net)
recovered per
tonne of waste



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

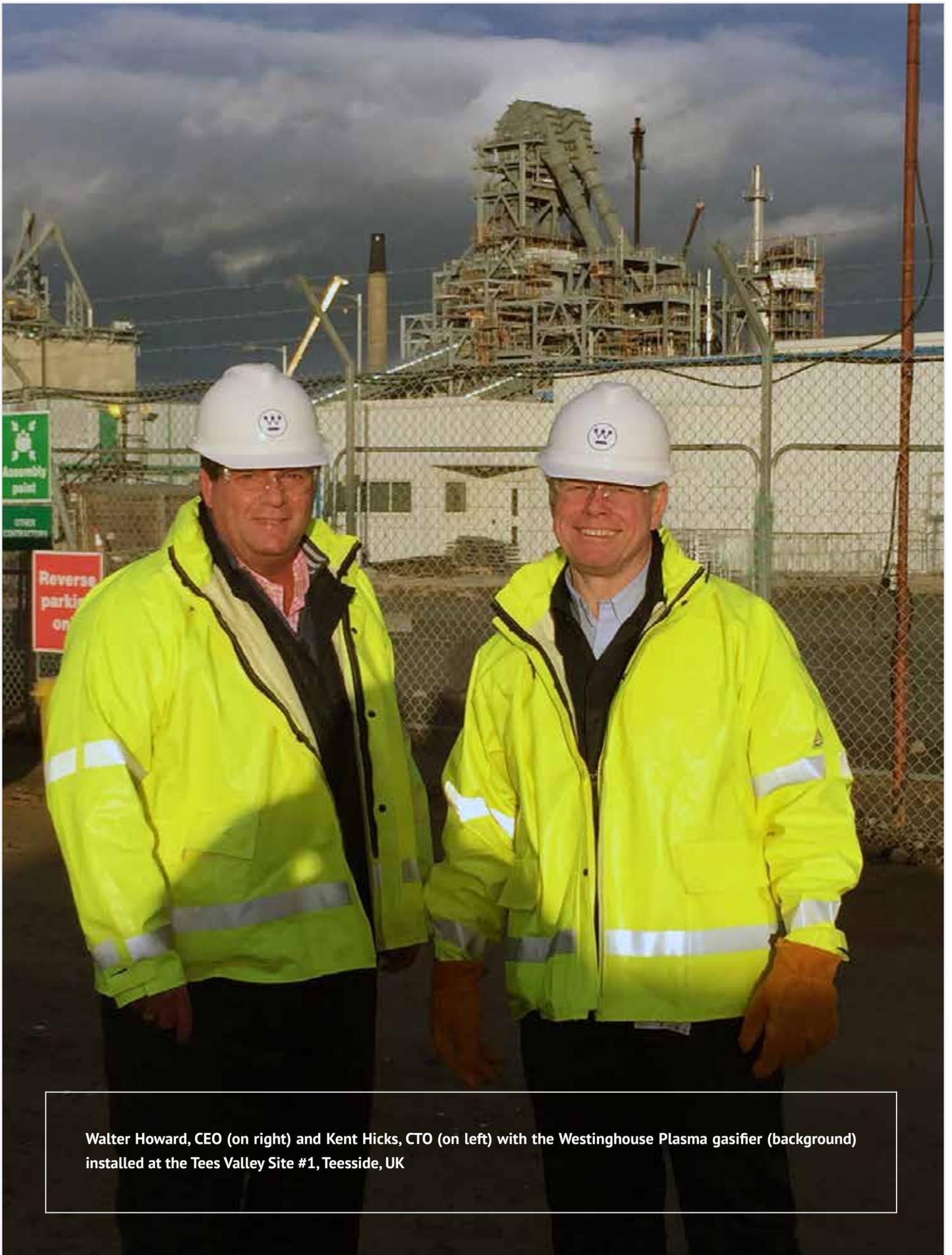
Facilities under construction:



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

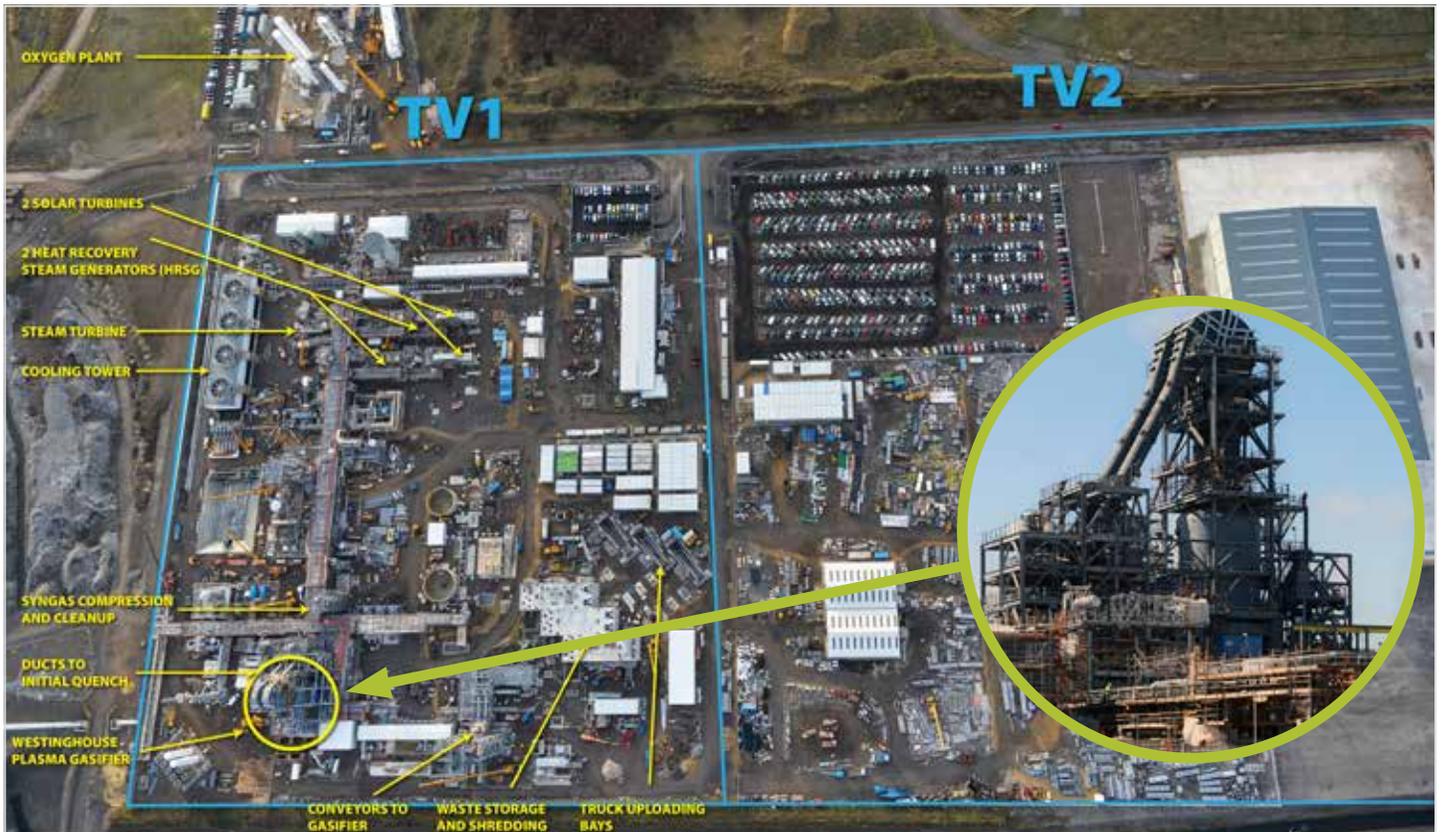
[AT THE WORLD'S FIRST COMBINED CYCLE WASTE-TO-ENERGY FACILITIES]

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



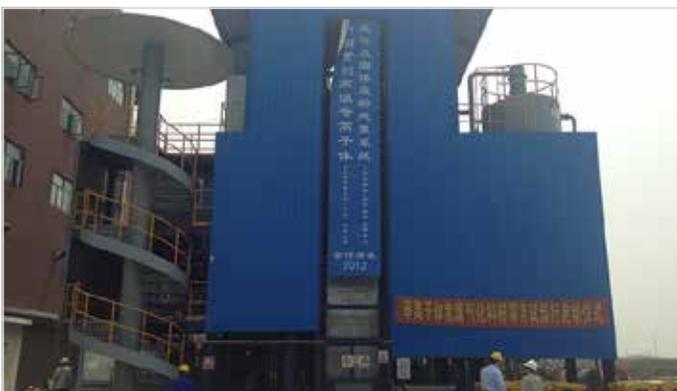
Turnkey Hazardous Waste Facility
Shanghai, China

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

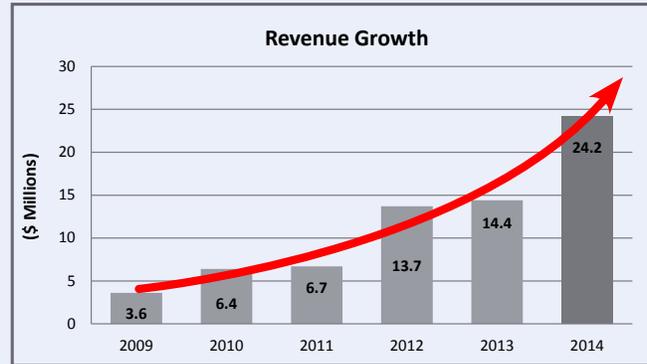
The Westinghouse Plasma Solution for hazardous waste provides more reliable and effective destruction of the hazardous material. From a business perspective, this is a complete turnkey solution that Westinghouse Plasma offers which means greater control of the execution. As well, most facilities are 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

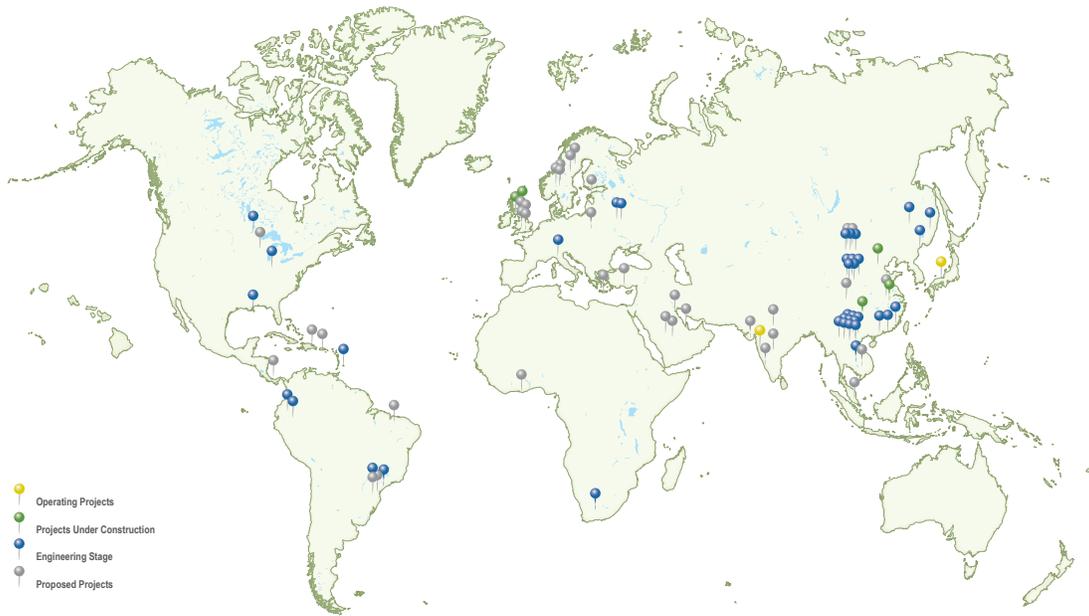


- Joint marketing to replace higher cost fuels going through GE turbines
- Have jointly presented our combined solution and expect to close new customers in 2015

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.