

Draft 9/5/07

I herein certify that the attached financials statements and notes hereto are a qualified audit by Malone & Bailey, PC. To my knowledge these documents are complete and accurate, and have been prepared in conformity with accounting principles generally accepted in the United States, consistently applied.

A handwritten signature in cursive script, reading "Taylor R. Gillispie".

Taylor Gillispie
Secretary/Treasurer
Alternate Energy Holdings, Inc.
September 13, 2007

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Draft 9/5/07

| Alternate Energy Holdings, Inc.
(a development stage enterprise)
Houston, Texas

| We have audited the accompanying balance sheet of Alternate Energy Holdings, Inc. as of December 31, 2006 and the related statements of expenses, changes in stockholders' equity and cash flows for the year ended December 31, 2006 and for the period from inception (August 29, 2005) through December 31, 2005 and 2006. These financial statements are the responsibility of Alternate Energy's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alternate Energy as of December 31, 2006 and the results of their operations and their cash flows for the periods described in conformity with accounting principles generally accepted in the United States of America.

Malone & Bailey, PC
www.malone-bailey.com
Houston, Texas

August 27, 2007

ALTERNATE ENERGY HOLDINGS, INC.
(A Development Stage Enterprise)
BALANCE SHEET

December 31,
2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 254,022
Receivable from related parties	<u>1,115</u>
Total assets	<u><u>\$ 255,137</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Due to related parties	<u>\$ 6,042</u>
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Commitments

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Stockholders' equity:

Common stock, par value \$.001, 75,000,000 shares authorized; 26,416,086 issued and outstanding	26,416
Additional paid in capital	1,738,082
Treasury stock, at cost, 400,000 shares at December 31, 2006	(20,000)
Deficit accumulated during development stage	<u>(1,495,403)</u>

Total stockholders' equity	<u>249,095</u>
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Total liabilities and stockholders' equity	<u><u>\$ 255,137</u></u>
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See summary of significant accounting policies and notes to the financial statements

ALTERNATE ENERGY HOLDINGS, INC.

STATEMENTS OF EXPENSES

(A Development Stage Enterprise)

Year Ended December 31, 2006

and the Period from Inception (August 29, 2005) through December 31, 2005 and 2006

	Year ended December 31, 2006	Inception to December 31, 2005	Inception to December 31, 2006
OPERATING EXPENSES:			
General and administrative expenses	<u>\$ (1,395,456)</u>	<u>\$ (100,756)</u>	<u>\$ (1,496,212)</u>
NET LOSS FROM OPERATIONS	(1,395,456)	(100,756)	(1,496,212)
INTEREST INCOME	1,358	64	1,422
INTEREST EXPENSE	<u>(613)</u>	<u>-</u>	<u>(613)</u>
NET LOSS	<u><u>\$ (1,394,711)</u></u>	<u><u>\$ (100,692)</u></u>	<u><u>\$ (1,495,403)</u></u>
NET LOSS PER COMMON SHARE	\$ (0.06)	\$ (0.01)	
WEIGHTED AVERAGE SHARES OUTSTANDING	21,678,151	17,241,118	

See summary of significant accounting policies and notes to the financial statements

ALTERNATE ENERGY HOLDINGS, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(A Development Stage Enterprise)

Period from Inception (August 29, 2005) through December 31, 2005 and 2006

	Price per share	Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Treasury Stock	Deficit Accumulated During Development Stage	TOTAL
Founder shares issued August 29, 2005	\$0.00	14,800,000	\$ 14,800	\$ (14,800)	-	\$ -	-
Issuance of common stock for services:							
October	0.05	3,249,999	3,250	54,250	-	-	57,500
Amortization of common stock for services:							
October		-	-	8,750	-	-	8,750
November		-	-	8,750	-	-	8,750
December		-	-	8,750	-	-	8,750
Issuance of common stock for a receivable:							
September	0.04	600,000	600	24,400	-	-	25,000
November	0.05	300,000	300	14,700	-	-	15,000
Net loss		-	-	-	-	(100,692)	(100,692)
Balances, December 31, 2005		18,949,999	18,950	104,800	-	(100,692)	23,058
Nussentials Holdings Inc. shareholders prior to merger	0.00	4,252,088	4,252	(4,252)	-	-	-
Issuance of common stock for services:							
September	1.01	1,149,999	1,150	1,157,599	-	-	1,158,749
November	0.90	100,000	100	89,900	-	-	90,000
Amortization of common stock for services:							
January		-	-	8,750	-	-	8,750
February		-	-	8,750	-	-	8,750

March	-	-	8,750	-	-	8,750
April	-	-	8,750	-	-	8,750
May	-	-	8,750	-	-	8,750
June	-	-	8,750	-	-	8,750
July	-	-	8,750	-	-	8,750
August	-	-	8,750	-	-	8,750
Issuance of common stock for cash:						
March	0.05	1,000,000	1,000	49,000	-	50,000
May	0.05	400,000	400	19,600	-	20,000
June	0.05	100,000	100	4,900	-	5,000
October	0.65	273,000	273	176,227	-	176,500
November	0.33	116,000	116	38,550	-	38,666
December	0.42	75,000	75	31,758	-	31,833
Purchase of treasury stock					(20,000)	(20,000)
Net loss					(1,394,711)	(1,394,711)
Balances, December 31, 2006		26,416,086	\$ 26,416	\$ 1,738,082	\$ (20,000)	\$ (1,495,403)
						\$ 249,095

See summary of significant accounting policies and notes to the financial statements

ALTERNATE ENERGY HOLDINGS, INC.
STATEMENTS OF CASH FLOW
(A Development Stage Enterprise)

Year Ended December 31, 2006
and the Period from Inception (August 29, 2005) through December 31, 2005 and 2006

	Year ended December 31, 2006	Inception to December 31, 2005	Inception to December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss from operations	\$ (1,394,711)	\$ (100,692)	\$ (1,495,403)
Adjustments to reconcile net loss to net cash used in operating activities:			
Common stock issued for services	1,318,749	83,750	1,402,499
Changes in:			
Receivable from related parties	21,943	16,942	38,885
Net cash used in operating activities	(54,019)	-	(54,019)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Receipt of cash for common stock	321,999	-	321,999
Purchase of treasury stock	(20,000)	-	(20,000)
Advances from related parties	6,042	-	6,042
Net cash provided by financing activities	308,041	-	308,041
NET INCREASE IN CASH AND CASH EQUIVALENTS	254,022	-	254,022
CASH AND CASH EQUIVALENTS, beginning of period	-	-	-
CASH AND CASH EQUIVALENTS, end of period	\$ 254,022	\$ -	\$ 254,022
Supplemental disclosures:			
Cash paid for income taxes	\$ -	\$ -	\$ -
Cash paid for interest	-	-	-
Non-cash investing and financing activities:			
Receivable for sale of common stock	\$ -	\$ 40,000	\$ 40,000

See summary of significant accounting policies and notes to the financial statements

ALTERNATE ENERGY HOLDINGS, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING POLICIES

Description of Business. Alternate Energy Holdings, Inc. (formerly Nussentials Holdings, Inc.) is a development stage enterprise focused on the purchase, optimization and construction of green energy sources – primarily nuclear power plants.

Sunbelt Energy Resources Inc was formed on August 29, 2005 to operate in the alternate energy industry and has had limited operational activity. In September 2006, Sunbelt acquired Nussential Holdings, Inc. by exchanging 17,900,000 shares of Sunbelt which represented 100% for 21,399,998 shares of common stock of Nussentials Holding, Inc. As a result of the acquisition, the shareholders of Sunbelt owned a majority of the voting stock of Nussentials Holdings, Inc. which changed its name to Alternate Energy Holdings, Inc. The merger has been accounted for as a reverse merger whereby Alternate is the accounting acquirer resulting in a recapitalization of Alternate Energy's equity. In connection with and simultaneous to the reverse merger, Nussentials Corp., a wholly owned subsidiary of Nussentials Holdings, Inc. was transferred to Nussential Holdings, Inc.'s majority shareholder through issuance of 4,252,088 shares of common stock.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents. Alternate Energy considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

Income taxes. Alternate Energy recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. Alternate Energy provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Basic and diluted net loss per share. Basic and diluted net loss per share calculations are presented in accordance with Financial Accounting Standards Statement 128, and are calculated on the basis of the weighted average number of common shares outstanding during the year. They include the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share are the same due to the absence of common stock equivalents.

Stock based compensation. Alternate Energy adopted SFAS No. 123(R), at inception. SFAS 123(R) requires all share-based payments to employees, including stock options, to be expensed based on their fair value over the required award service period. Alternate Energy uses the straight line method to recognize compensation expense related to share-based payments. For Alternate Energy's non-employees, share-based expense is recorded in accordance with

Emerging Issues Task Force No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquisition, or in Conjunction with Selling, Goods or Services." Alternate Energy has not issued any stock options or stock warrants since inception through December 31, 2006.

Recently Issued Accounting Pronouncements. Alternate Energy does not expect the adoption of these or any other recently issued accounting pronouncements to have a significant impact on their financial position, results of operations, or cash flow.

NOTE 2 – DUE TO RELATED PARTIES

Alternate borrows money from the majority shareholder on an as needed basis. All amounts are due on demand, interest free and unsecured.

NOTE 3 - INCOME TAXES

Alternate Energy uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. Alternate Energy incurred net losses in fiscal 2006 and 2005 and therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately \$93,000 at December 31, 2006, and will expire 20 years in 2026. Components of deferred tax assets at December 31, 2006 are as follows:

Deferred tax asset – net operating loss carry-forwards	\$ 32,516
Valuation allowance	\$ (32,516)
Net deferred tax asset	<u>\$ -</u>

NOTE 4 - COMMON STOCK

During 2005, Alternate Energy:

- Issued 3,249,999 shares of common stock valued at \$83,750 for services.
- Issued 900,000 shares of common stock for a receivable from a related party in the amount of \$40,000. In 2006, the related party repaid the receivable by paying for expenses of Alternate Energy.

During 2006, Alternate Energy:

- Issued 4,252,088 shares to the Nussentials Holdings shareholders in the reverse merger. See note 1 for details.
- Issued 1,249,999 shares of common stock valued at \$1,318,749 for services.
- Issued 1,964,000 shares of common stock for cash received in the amount of \$321,999.
- Purchased 400,000 shares of treasury stock for cash in the amount of \$20,000.

NOTE 5 – COMMITMENTS

Alternate Energy's principal office is in the office of Alternate Energy's president pursuant to a verbal agreement on a rent-free month-to-month basis.

NOTE 6 - SUBSEQUENT EVENTS

Common Stock

In 2007, Alternate Energy:

Issued 1,770,000 shares of common stock valued at \$1,412,300 for services.

Issued 4,883,036 shares of common stock through a private placement for cash received in the amount of \$1,245,259.

Issued 500,000 shares of common stock valued at \$450,000 as a deposit on a prospective land purchase. As further consideration for the purchase of the land, \$17,000,000 is due upon closing.