

# CLEAR PEAK ENERGY, INC.

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Scottsdale, AZ 85254  
(480) 389-3612

Registered Agent Address:  
Incorp Services, Inc.  
2360 Corporate Circle Ste 400  
Henderson, Nevada

## INITIAL DISCLOSURE REPORT

Fiscal Year ended December 31, 2008

Fiscal Year ended December 31, 2009

Quarter ended September 30, 2010

Pink OTC markets mandatory disclosure for alternative reporting:

**WE PREVIOUSLY WERE A SHELL COMPANY. THEREFORE, THE EXEMPTION OFFERED PURSUANT TO RULE 144 IS NOT AVAILABLE. ANYONE WHO PURCHASED SECURITIES DIRECTLY OR INDIRECTLY FROM US OR OUR AFFILIATES IN A TRANSITION OR CHAIN OF TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING CANNOT SELL<sup>1</sup> SUCH SECURITIES IN AN OPEN MARKET TRANSACTION.**

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<sup>1</sup> Notwithstanding any suggestion to the contrary in the OTC Markets mandatory disclosure, we believe that the Rule 144 safe-harbor to Section 4(1) of the Securities Act of 1933 may become available one year from the time "Form 10" type information has been publicly filed with the SEC or on this OTC Markets/Pink Sheets website. Such "Form 10" type information includes, among other things, current audited financial information for the prior two fiscal years as well as the interim annual financial, with comparisons from the prior twelve month period. We also believe the Section 4(1) of the Securities Act of 1933 could become available to certain shares of our common stock outside of the four corners of the Rule 144 safe-harbor.

**GENERAL INFORMATION:**

This disclosure statement does not purport to be all-inclusive or to contain all the information that a prospective investor may desire before investing. Each investor must conduct and rely on its own evaluation of our operations and the terms of the company and an investment into it, including the merits and risks involved, in making an investment decision with respect to us. See risk factors for a discussion of certain factors that should be considered in connection with the purchase of our securities.

Prospective investors should not construe the contents of this disclosure statement as legal or tax advice. Each

offeree should consult his or her own counsel, accountant and other advisors as to legal, tax and related matters concerning purchasing shares of CLPE stock.

Any estimates or forecasts as to events that occur in the future are based upon the best judgment of our management as of the date of this disclosure statement. Whether such estimates or forecasts may be achieved will depend upon our achieving overall business objectives and the availability of funds, including funds from the sale of the securities offered hereby. There is no guarantee that any of these forecasts will be attained. Actual results will vary from the forecasts and such variations may be material.

## SUMMARY OF THE COMPANY

The following summary of certain key aspects of this disclosure statement are entirely qualified by reference to the more detailed information contained in this disclosure statement, in the exhibits hereto and the documents referenced herein. All references to the “Company” or “Clear Peak” or its business refer to Clear Peak Energy, Inc. a Nevada corporation and its subsidiary, Clear Peak Oil and Gas, Inc. Our trading symbol is **CLPE**.

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<b>COMPANY</b>	Clear Peak Energy, Inc. is a Nevada corporation.
<b>SIC NUMBER</b>	Our Primary Standard Industrial Classification Code Number is 4991.
<b>BUSINESS</b>	<p>Clear Peak, through our Volpek division, is planning the development and operation of clean solar electric power plants incorporating proven, lower-cost, photo-voltaic (PV) technology. The Company’s business plan covers the development and operations of solar PV power plants in the United States. The Company believes that traditional energy sources such as petroleum, coal and natural gas are under increasing scrutiny over their environmental implications and carbon footprint. National concerns about carbon emissions and dependence on foreign oil have resulted in strict government regulations to regulate carbon emissions and substantial incentives to increase use of renewable energies.</p> <p>Our address is 5040 E. Shea Blvd., Suite 254-A, Scottsdale, AZ 85251; and our phone number is (480) 389-3612.</p>
<b>CAPITALIZATION</b>	As of November 26, 2010, we had 7,911,216 shares of our common stock and no shares of our Series A Preferred stock or common class B stock were outstanding.
<b>LIMITED INFORMATION</b>	We do not presently file reports with the SEC. Additionally, our financial statements are not audited.
<b>RISK FACTORS</b>	<p>This Disclosure statement contains a list of Risk Factors to be used in evaluating the merits and suitability of any purchase of shares of CLPE common stock. PROSPECTIVE PURCHASERS ARE URGED TO GIVE CAREFUL CONSIDERATION TO THESE RISK FACTORS IN EVALUATING THE MERITS AND SUITABILITY OF A PURCHASE OF CLPE STOCK. THESE RISK FACTORS, AMONG OTHERS, INCLUDE:</p> <ul style="list-style-type: none"> <li>• OUR ABILITY TO RAISE CAPITAL</li> <li>• OUR ABILITY TO COMMERCIALIZE A PRODUCT</li> <li>• OUR ABILITY TO FIND A MARKET OR COMMERCIAL USE AND ACCEPTANCE FOR</li> </ul>

## OUR INTELLECTUAL PROPERTY

- OUR ABILITY TO ATTRACT AND RETAIN QUALIFIED PERSONNEL
- OUR ABILITY TO PROTECT OUR INTELLECTUAL PROPERTY
- THE CONTROL EXERTED BY OUR THREE PRINCIPAL SHAREHOLDERS
- ADDITIONAL DILUTION TO OUR SHAREHOLDERS
- SHARES THAT MAY BE SOLD IN THE PUBLIC MARKET CAUSING DOWNWARD PRESSURE ON CLPE'S MARKET PRICE

## RISK FACTORS

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*The Purchase of shares of CLPE stock Involves **A Very High Degree Of Risk.***

*Purchasing shares of CLPE stock Is **Highly Speculative.***

***Do Not Invest Money In CLPE Stock That You Cannot Afford To Lose.***

*You Are Strongly Advised To Consult With A Registered And Licensed*

*Investment Professional Prior To Purchasing Any Of Our Shares.*

You should carefully consider the following risk factors before purchasing shares of CLPE stock. If any of the following risks were to actually occur, our business would likely suffer. Consequently, the price of our common stock could decline, and investors may lose all or part of their investment in our common stock and any other security discussed herein.

There are several categories of risks and risk factors disclosed herein. Do not place too much emphasis on any particular category of risk or risk factors because each risk and each risk factor within each category may be applicable to another or several risk factor categories. Moreover, each risk-in and of itself-is sufficient to tremendously negatively impact the value of our common stock.

Our business is rapidly evolving and it is critical that any investor in Clear Peak continue to read our press releases.

**Compliance with Sarbanes-Oxley could be time consuming and costly, which could cause our independent registered public accounting firm to conclude that our internal control over financial reporting is not effective.**

We may become a publicly reporting company in the coming 12 months. As a publicly reporting company, we would be required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which will require annual management assessments of the effectiveness of our internal control over financial Reporting and a Report by our independent registered public accounting firm that both addresses management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial Reporting. During the course of our testing, we may identify deficiencies

which we may not be able to remediate in time to meet our deadline for compliance with Section 404. Testing and maintaining internal controls can divert our management's attention from other matters that are important to our business. We also expect the new regulations to increase our legal and financial compliance cost, make it more difficult to attract and retain qualified officers and members of our Board of Directors (particularly to serve on an audit committee) and make some activities more difficult, time consuming and costly. We may not be able to conclude on an ongoing basis that we have effective internal control over financial Reporting in accordance with Section 404. Our independent registered public accounting firm may not be able or willing to issue an unqualified Report on the effectiveness of our internal control over financial Reporting. If we conclude that our internal control over financial Reporting is not effective, we cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or their effect on our operations since

there is presently no precedent available by which to measure compliance adequacy. If we are unable to conclude that we have effective internal control over financial reporting or our independent auditors are unable to provide us with an unqualified Report as required by Section 404, then we may be unable to have our common stock traded on the Over-the-Counter Bulletin Board and investors could lose confidence in our Reported financial information, which could have a negative effect on the trading price of our stock.

**You could experience substantial dilution upon the issuance of additional shares of our common stock; the issuance of which may adversely affect our ability to raise capital.**

Issuance of additional shares of common stock, convertible preferred stock, or warrants, are likely to have a highly dilutive effect on our stock price.

Additionally, the issuance of additional shares of common stock, convertible preferred stock, or warrants may hinder our ability to raise capital at favorable prices if and as needed, or to make acquisitions. As a result, the owners of the shares (currently our officers and directors control the majority of those shares):

- control the composition of our board of directors; control our management and policies;
- determine the outcome of significant corporate transactions, including changes in control that may be beneficial to stockholders; and
- act in each of their own interests, which may conflict with, or be different from, the interests of each other or the interests of the other stockholders.

**Our principal stockholders have the ability to exert significant control in matters requiring stockholder vote and could delay, deter or prevent a change in control of our company.**

Our principal stockholders control a large number of shares and historic relationships. As a result, they have the ability to exert significant control in matters requiring stockholder vote and could delay, deter or prevent a change in control of our company. The result of which could be in contrast to the wishes of the minority holders, including investors in this disclosure statement.

**We do not anticipate paying cash dividends, which could reduce the value of your stock.**

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting it at such time as our board of directors may consider relevant.

**Conflicts of interest between the stockholders and our company or our directors could arise because we do not comply with the listing standards of any exchange with regard to director independence.**

We are not listed on a stock exchange and our Board of Directors does not comply with the independence and committee requirements which would be imposed upon us if we were listed on an exchange. In the absence of a majority of independent directors, our directors could establish

policies and enter into transactions without independent review and approval. This could present the potential for a conflict of interest between the stockholders and our company or our directors.

**There has been no independent “due diligence” review of our affairs or financial condition.**

The statements contained in this document, or incorporated by reference, are solely those of our management. There has been no independent “due diligence” review of our affairs or financial condition, nor has any independent party verified the statements contained in this disclosure statement. Prospective purchasers are urged to contact us directly for additional information about us and our operations.

**We may issue additional shares and dilute the ownership percentage of current owners of CLPE stock.**

The bylaws allow the board to issue common shares without stockholder approval. Currently, the board is authorized to issue a total of 100,000,000 common shares, of which less than 8% have been issued or reserved for issuance as of November 26, 2010. In addition, the board is authorized to issue up to 14,000,000 preferred shares and 6,000,000 Common B Shares. For instance, we may issue additional common stock shares subsequent to this disclosure statement, which could result in immediate further dilution. If additional funds are raised through the issuance of equity securities, the percentage of equity ownership of the existing stockholders will be reduced. We are authorized to issue millions more shares of common stock and preferred stock. We have the right to raise additional capital or incur borrowings from third parties to finance our business. Our board of directors has the authority, without the consent of any of the stockholders, to cause us to issue more shares or our common stock and shares of our preferred stock at such price and on such terms and conditions as are determined by the Board in our sole discretion. The issuance of additional shares of capital stock by us would dilute the stockholders’ ownership in us.

**Lack of economic review may interfere with investors’ ability to fully assess merits and risks associated with purchase of our stock.**

The procurement by prospective investors of an independent review of the investments merits of a proposed subscription for our stock would be costly and can normally be conducted only by those prospective investors whose subscriptions will be of sufficient magnitude that they, either alone or by a pooling of their resources with those of other prospective investors, could afford the expense of such independent analysis, including the retaining of independent consultants. Such a review might or might not prove favorable. Accordingly, subscription to the stock is suitable only for such proposed investors willing and able to accept the risks created by a failure to conduct an independent analysis of this investment.

**We need funds to develop our solar projects; and if we fail to obtain funds, our plan of operations may have to be changed or we could become defunct.**

Development of solar power production facilities for the markets discussed in this Disclosure statement require significant capital—AND WE HAVE VERY LITTLE CAPITAL. In addition to the proceeds from this disclosure statement, we may consider seeking additional outside financing to

design and develop solar power production facilities. Such financing could take the form of co-production or joint venture arrangements or limited liability companies or partnerships in which we act as managing member or general partner, additional sales of our securities or an operating line of credit. Regardless of the amount of money we raise in this disclosure statement, additional financing will be needed to design and fabricate our products and devices. No assurance can be given that financing will be available to us, at all, or on favorable terms. Unless such additional financing is available to us, our design, development and production activities may be materially adversely affected and our stock may become worthless.

**There is limited historical information available for investors to evaluate our performance or a potential investment in our shares.**

There is limited historical information available to help prospective investors evaluate our performance or an investment in our shares, and our historical financial statements are not necessarily a meaningful guide for evaluating our future performance because we have not begun to install our products.

## Risks Relating To Our Common Stock

**Our common stock does not trade in a mature market and therefore has limited liquidity.**

Our common stock trades on the over-the-counter market. The average daily trading volume of our common stock on the over-the-counter market has not been consistent. Our daily volume remains relatively limited and there is no assurance that increased volume, if any occurs, will continue. Holders of the our common stock may not be able to liquidate their investments in a short time period or at the market prices that currently exist at the time a holder decides to sell. Because of this limited liquidity, it is unlikely that shares of our common stock will be accepted by lenders as collateral for loans.

**We will likely experience volatility in our stock price.**

Our common stock is currently quoted on the “pink sheets”, which is characterized by low trading volume relative to national exchanges. Because of this limited liquidity, stockholders may be unable to sell their shares. The trading price of our shares has from time to time fluctuated widely and wildly and may be subject to similar fluctuations in the future. The trading price of our common stock may be affected by a number of factors including events described in the Risk Factors set forth in this Disclosure statement, as well as our operating results, financial condition, general conditions in the biotech industry, and other events or factors. In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock. These fluctuations may have a negative effect on the market price of our common stock.

**The Company's shareholders may face significant restrictions on their stock.**

The Company's stock differs from many stocks in that it is a “penny stock.” The Commission has adopted a number of rules to regulate “penny stocks” including, but not limited to, those rules from the Securities Act as follows:

- 3a51-1 which defines penny stock as, generally speaking, those securities which are not listed on either NASDAQ or a national securities exchange and are priced under \$5, excluding securities of issuers that have net tangible assets greater than \$2 million if they have been in operation at least three years, greater than \$5 million if in operation less than three years, or average revenue of at least \$6 million for the last three years;
- 15g-1 which outlines transactions by broker/dealers which are exempt from 15g-2 through 15g-6 as those whose commissions from traders are lower than 5% total commissions;
- 15g-2 which details that brokers must disclose risks of penny stock on Schedule 15G;
- 15g-3 which details that broker/dealers must disclose quotes and other information relating to the penny stock market;
- 15g-4 which explains that compensation of broker/dealers must be disclosed;
- 15g-5 which explains that compensation of persons associated in connection with penny stock sales must be disclosed;
- 15g-6 which outlines that broker/dealers must send out monthly account statements; and
- 15g-9 which defines sales practice requirements.

Since the Company's securities constitute a “penny stock” within the meaning of the rules, the rules would apply to us and our securities. Because these rules provide regulatory burdens upon broker-dealers, they may affect the ability of shareholders to sell their securities in any market that may develop; the rules themselves may limit the market for penny stocks. Additionally, the market among dealers may not be active. Investors in penny stock often are unable to sell stock back to the dealer that sold them the stock. The mark-ups or commissions charged by the broker-dealers may be greater than any profit a seller may make. Because of large dealer spreads, investors may be unable to sell the stock immediately back to the dealer at the same price the dealer sold the stock to the investor. In some cases, the stock may fall quickly in value. Investors may be unable to reap any profit from any sale of the stock, if they can sell it at all. Shareholders should be aware that, according to Commission Release No. 34-29093 dated April 17, 1991, the market for penny stocks has suffered from patterns of fraud and abuse. These patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;



- “boiler room” practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker -dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

**There is a limited public market for our common stock, which could prevent holders of our stock from liquidating their investment.**

There is only a limited public market for the Company's common stock, and no assurance can be given that a market will continue or that a stockholder ever will be able to liquidate his investment without considerable delay, if at all. If a market should continue, the price may be highly volatile. Factors such as those discussed in this “Risk Factors” section may have a significant impact upon the market price of our common stock. Due to the low price of the securities, many brokerage firms may not be willing to effect transactions in our common stock. Even if a purchaser finds a broker willing to effect a transaction in our common stock, the combination of brokerage commissions, state transfer taxes, if any, and any other selling costs may exceed the selling price. Further, many lending institutions will not permit the use of our common stock as collateral for any loans.

**The market for our stock is limited and our stock price may be volatile.**

The market for our common stock has been limited due to low trading volume and the small number of brokerage firms acting as market makers. Because of the limitations of our market and volatility of the market price of our stock, investors may face difficulties in selling shares at attractive prices when they want to. The average daily trading volume for our stock has varied significantly from week to week and from month to month, and the trading volume often varies widely from day to day.

**A substantial number of our issued shares are, or are being made available for sale on the open market. The resale of these securities might adversely affect our stock price.**

The sale of a substantial number of shares of our common stock being offered herein and/or being registered under a subsequent registration statement, or the market's anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

Sales of shares pursuant to exercisable warrants could also lead to subsequent sales of the shares in the public market. These sales, together with sales by other existing stockholders, could depress the market price of our stock by creating an excess in supply of shares for sale. Availability of these shares for sale in the public market could also impair our ability to raise capital by selling equity securities.

## Risks Relating To Our Business of Alternative Power Generation And Energy Related Operations

**Our previous businesses activities related to online film productions ended several years ago and we do not intend to pursue them again. Our Clear Peak operations consist of development and startup company activities and have not generated any operating revenues and may never achieve profitability, and we have yet to commercialize any products.**

We sold the assets relating to our online film productions in 2007. Therefore, we do not have any revenues or assets from our prior businesses.

Our recently developed alternative energy strategies are risky and unproven. We are a new development stage company and, to date, have not generated any revenues from sales. We cannot assure you that we will generate revenues or that we can achieve or sustain profitability in the future. Our operations are subject to the risks and competition inherent in the establishment of a business enterprise. There can be no assurance that future operations will be profitable. Revenues and profits, if any, will depend upon various factors, including whether our product development can be completed, and if we can achieve market acceptance. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on us.

**We may experience difficulties that may delay or prevent our development, introduction or marketing of new or enhanced products.**

We intend to continue to invest in product and technology development. The development of new or enhanced products is a complex and uncertain process. We may experience research and development, manufacturing, installation, marketing and other difficulties that could delay or prevent our development, introduction or marketing of new products or enhancements. We cannot be certain that:

- any of the products under development will prove to be effective in generating sales demand;
- we will be able to obtain, in a timely manner or at all, regulatory approval, if required, to market any of our products that are in development or contemplated;
- the products we develop can be manufactured at acceptable cost and with appropriate quality; or these products, if and when approved, can be successfully marketed.

The factors listed above, as well as manufacturing or distribution problems, or other factors beyond our control, could delay new product launches. In addition, we cannot assure you that the market will accept these products.

Accordingly, there is no assurance that our overall revenue will increase if and when new products are launched.

**Intense competition could limit our ability to secure market share which could impair our ability to sell our products and harm our financial performance.**

The renewable energy industries, along with nearly every market we seek to penetrate, are new and underdeveloped markets and industries are rapidly evolving, and developments are expected to continue at a rapid pace. Competition in this industry, which includes competition from utility and renewable energy businesses, among others, is intense and expected to increase as new products and technologies become available and new competitors enter the market. Our competitors in the United States and abroad are numerous and include utilities and renewable energy companies.

**Many of our current and potential competitors have longer operating histories, larger customer or user bases, greater brand recognition, greater access to brand name suppliers, and significantly greater financial, marketing and other resources than we do.**

Many of these current and potential competitors can devote substantially more resources to the development of their business operations than we can at present. Currently, we do not have a marketing or manufacturing infrastructure in place. In addition, larger, well established and well-financed entities may acquire, invest in or form joint ventures with other established competitors or with specific product manufacturers, which will allow them pricing advantages due to economies of scale or pursuant to distribution agreements with suppliers.

**There can be no assurance that new products we introduce will achieve significant market acceptance or will generate significant revenue.**

The market for products in renewable energy industries is characterized by rapid technological advances, evolving standards in technology and frequent new product and service introductions and enhancements. Possible short life cycles for products we sell may necessitate high levels of expenditures for continually selecting new products and discontinuing the sale of obsolete product lines. To obtain a competitive position, we must continue to introduce new products and new versions of existing products that will satisfy increasingly sophisticated customer requirements and achieve market acceptance. Our inability or failure to position and/or price our new or existing products competitively, in response to changes in evolving standards in technology, could have a material adverse effect on our business, results of operations or financial position.

## Risks Relating to Our Industry

**Our dependence on a limited number of third party suppliers for finished materials could prevent us from delivering our proposed products that we purchase to our customers within required timeframes, which could result in order cancellations and substantial harm to our business.**

We intend to purchase our products using materials and components procured from a limited number of third-party suppliers. If we fail to establish or maintain our relationships with these suppliers, or to secure additional supply sources from other solar cell suppliers, we may be unable to provide our products or our products may be available only at a higher cost or after a long delay, which could prevent us from installing our end products and supplying power within required timeframes, and we may experience order cancellations and our business may fail. We currently do not have contracts with suppliers to allow us to commence sales, and may not be able to procure sufficient quantities of the materials and components necessary to install our proposed systems on acceptable commercial terms or at all. To the extent the processes that our suppliers use to manufacture materials and components are proprietary; we may be unable to obtain comparable materials and components from alternative suppliers. The failure of a supplier to supply materials and components in a timely manner, or to supply materials and components that meet our quality, quantity and cost requirements could impair our ability to purchase our products or increase their costs, particularly if we are unable to obtain substitute sources of these materials and components on a timely basis or on terms acceptable to us. In order to obtain required supplies, we may need to make large inventory purchases on short notice, and prior to having purchase orders or deposits from our customers for product using the full amount of silicon required to be purchased. We may not have sufficient financial resources to make these purchases, which may exacerbate supply shortages.

**Our operating results will be subject to fluctuations and are inherently unpredictable; if we fail to meet the expectations of securities analysts or investors, our stock price may decline significantly.**

Our quarterly revenue, if any, and operating results will be difficult to predict from quarter to quarter. It is possible that our operating results in some quarters will be below market expectations. Our quarterly operating results will be affected by a number of factors, including:

- the availability and pricing of raw materials, particularly polysilicon;
- the availability, pricing and timeliness of delivery of third party sources products, raw materials and components, particularly solar panels and balance of systems components, including steel, necessary for solar power products to function;
- the rate and cost at which we are able to expand to meet customer demand, including costs and timing of adding personnel;
- the amount and timing of sales of our systems, especially medium and large-scale projects, which may individually cause severe fluctuations in our revenue;
- our ability to meet project completion schedules and the corresponding revenue impact under such contractual devises as percentage-of-completion method of recognizing revenue for projects which may apply;
- construction cost overruns, including those associated with the introduction of new projects;

- the impact of seasonal variations in demand and/or revenue recognition linked to construction cycles and weather conditions;
- timing, availability and changes in government incentive programs;
- unplanned additional expenses such as manufacturing failures, defects or downtime;
- acquisition and investment related costs;
- our ability to establish and expand customer relationships;
- changes in our manufacturing costs;
- our ability to successfully introduce and develop solar power projects in a timely manner, and the amount and timing of related research and development costs;
- the timing of new product or technology announcements or introductions by our competitors and other developments in the competitive environment;
- the willingness of directly or indirectly competing solar cell and panel suppliers to continue product sales to us;
- increases or decreases in electric rates due to changes in fossil fuel prices or other factors; and
- Labor shortages, expertise shortages, shipping and other factors causing business delays.

We plan to base our planned operating expenses in part on our expectations of future revenue, and a significant portion of our expenses will be relatively fixed in the short term. If revenue for a particular quarter is lower than we expect, we likely will be unable to proportionately reduce our operating expenses for that quarter, which would harm our operating results for that quarter. This may cause us to miss analysts' guidance or any future guidance announced by us. If we fail to meet or exceed analyst or investor expectations or our own future guidance, even by a small amount, our stock price could decline, perhaps substantially.

**Existing regulations and policies and changes to these regulations and policies may present technical, regulatory and economic barriers to the development of solar power projects, which may significantly affect our projects.**

The market for electricity generation products is heavily influenced by foreign, U.S. federal, state and local government regulations and policies concerning the electric utility industry, as well as policies promulgated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation. In the U.S. and in a number of other countries, these regulations and policies are being modified and may continue to be modified. Customer purchases of, or further investment in the research and development of, alternative energy sources, including solar power technology, could be deterred by these regulations and policies, which could result in a significant reduction in the potential demand for our solar power products. For example, without certain major incentive programs and or the regulatory mandated exception for solar power systems, utility customers are often charged interconnection or standby fees for putting distributed power generation on the electric utility network. These fees could increase the cost of

solar power products and make them less desirable, thereby harming our business, prospects, results of operations and financial condition.

**We may be unable to obtain power purchase agreements from utilities which would hinder our ability to create revenues from the generation of energy which would negatively impact our business plans.**

There are a limited number of competitive solicitations requesting power from independent power providers such as us. Moreover, solicitations and the capacity, or amount of power allowed to be sold pursuant to the solicitations, whether from local and regional utility authorities or in connection with feed-in tariff programs designed to encourage the adoption of renewable energy sources, are limited. In addition, intense competition from independent power providers which are more mature than us may be able to provide lower cost renewable technologies constrained prices. Finally, awards of power purchase agreements are subject to government approvals from entities such as the California Public Utilities Commission ("CPUC") and Federal Energy Regulatory Commission ("FERC"). Our inability to obtain power purchase agreements would hinder our ability to create energy generation revenues which would negatively impact our business.

**We may be unable to buy or lease land upon which to develop power generating facilities which would negatively impact our business.**

There can be no assurance that a sufficient number of suitable properties can be identified upon which to develop power generating facilities. Moreover, even if such sites can be located, there is no assurance that agreements can be reached that are economical and with acceptable terms. Inability to identify suitable properties upon which to develop power generating facilities or enter into agreements with acceptable terms will negatively impact our core business.

**We may be unable to obtain land use approvals which would hinder our ability to develop power development facilities which would negatively impact our business plans.**

Our management believes that prior to using land that purchase or lease for the construction of alternative energy power generation facilities, we will usually need to obtain conditional use permits from local government agencies. In addition, rezoning may be required. In connection with these processes, environmental impact studies are required in many jurisdictions. Environmental impact studies can cost several hundreds of thousands of dollars, do not guaranty permit issuances, and are time consuming taking from more than a year to over three years. Our inability to obtain these land use approvals would hinder our ability to commence projects to create energy generation revenues which would therefore substantially and negatively impact our business plans.

**We may be unable to execute, or experience delays in connection with interconnection agreements necessary to transmit power from our target projects to the power grid which would completely hinder the possibility of power generation related revenue and harm our business.**

No electrical generation projects of any kind, renewable or non-renewable, can be connected to the power transmission



grid without an interconnection agreement from the system operator. System operators vary from region to region.

In order to get an interconnection agreement, developers must first place a candidate project in an "interconnection queue," and wait while the system operator completes a series of studies to estimate: a) the impact of the many queued projects on the power lines, and b) the cost of any new lines and other upgrades that will be required before any new projects can be put on line. The costs of these studies are paid by the developer and typically amount to several hundred thousand dollars.

The queue process is also very time consuming, taking as much as two to three years to complete. If it is found that new transmission is required, the timeline for interconnection can even be a decade or more.

If there are significant delays in completing studies, we lack the funds to pay for the studies or the studies reveal impact on power lines that require additional capital investments, any proposed projects relevant to the study would likely be revealed to lack viability, which would result in a loss of costs incurred in connection with the project, such as internal due diligence costs, lease obligation costs, the costs related to the impact study. Negative impact study results for any proposed project would therefore negatively impact our business.

**The reduction or elimination of government and economic incentives could cause us to suffer a decline in revenue.**

We believe that the near-term growth of the market for on-grid applications, where solar power is used to supplement a customer's electricity purchased from the utility network or sold to a utility under tariff, depends in large part on the availability and size of government and economic incentives. Because a significant portion of our sales are expected to involve the on-grid market, the reduction or elimination of government and economic incentives may adversely affect the growth of this market or result in increased price competition, both of which could cause our revenue to decline.

Today, the cost of solar power exceeds retail electric rates in many locations. As a result, federal, state and local government bodies in many countries, most notably Germany, Japan, Spain, Italy, Portugal, South Korea and the United States, have provided incentives in the form of feed-in tariffs, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. These government economic incentives could be reduced or eliminated altogether. For example, Germany has been a strong supporter of solar power products and systems and political changes in Germany could result in significant reductions or eliminations of incentives, including the reduction of feed-in tariffs more rapidly than required by current law. Some solar program incentives expire, decline over time, are limited in total funding or require renewal of authority. Net metering and other operational policies in California, Japan or other markets could limit the amount of solar power installed there. Reductions in, or eliminations or expirations of, governmental incentives could result in decreased demand for and lower revenue from our products. Changes in the level or structure of a renewable portfolio standard could

also result in decreased demand for and lower revenue from our products.

**Changes in tax laws or fiscal policies may decrease the return on investment for our intended business, which could harm our business.**

We are formed to develop and operate solar power generation facilities and seek to benefit from government mandated feed-in tariffs and similar legislation. Our projected return on investment is subject to current and proposed federal, state and local laws, particularly tax legislation. Changes to these laws, including amendments to existing tax laws or the introduction of new tax laws, tax court rulings as well as changes in administrative guidelines, ordinances and similar rules and regulations could result in different tax assessments and may adversely affect our projected return on investment, which could have a material adverse effect on our business and results of operations.

**Technological changes in the solar power industry could render the projects that we intend to develop uncompetitive or obsolete, which could prevent us from achieving market share and sales.**

The solar technology used in our proposed solar projects could become uncompetitive or obsolete, which could prevent us from achieving market share and sales. The solar power industry is rapidly evolving and highly competitive. We may need to invest significant financial resources in acquisition and/or the development and design of solar technologies to keep pace with technological advances in the solar power industry and to compete in the future and we may be unable to secure such financing. We believe that a variety of competing solar power technologies may be under development by many companies that could result in lower manufacturing costs or higher product performance than those products selected by us. These development efforts may render obsolete the products we intend to integrate into our projects leaving us at a competitive disadvantage.

**Existing regulations and changes to such regulations may present technical, regulatory and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products.**

The market for electricity generation products is heavily influenced by foreign, federal, state and local government regulations and policies concerning the electric utility industry, as well as internal policies and regulations promulgated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation. In the United States and in a number of other countries, these regulations and policies are being modified and may continue to be modified. Our ability to profit from power generation from solar power technology, could be deterred by these regulations and policies. For example, utility companies commonly charge fees to larger, industrial customers for disconnecting from the electric grid or for having the capacity to use power from the electric grid for back-up purposes. These fees could increase our costs, which would harm our business, prospects, results of operations and financial condition. We anticipate that our solar power projects will be subject to oversight and regulation in accordance with national and local ordinances relating to building codes, safety, environmental protection, utility interconnection and metering and related matters. There is also a burden in having to track the requirements of individual states and design equipment, including extra or

specially designed peripheral equipment, to comply with the varying standards. Any new government regulations or utility policies pertaining to our solar power products may result in significant additional expenses to us and, as a result, could cause significant downside to our business.

**If solar power technology is not suitable for power generation, we would be unable to achieve our target revenue and market share.**

The market for solar power production is emerging and rapidly evolving, and its future success is uncertain. If solar power technology proves unsuitable for widespread commercial deployment, we would be unable to achieve our revenue goals. Many factors will influence the ability to compete in the power markets using solar power generation including:

- cost-effectiveness of solar power technologies as compared with conventional and competitive alternative energy technologies;
- performance and reliability of solar power products as compared with conventional and non-solar alternative energy products;
- success of alternative distributed generation technologies such as hydrogen fuel cells, wind turbines, bio-diesel generators and large-scale solar thermal technologies;
- fluctuations in economic and market conditions that impact the viability of conventional and competitive alternative energy sources;
- increases or decreases in the prices of oil, coal and natural gas;
- capital expenditures by customers, which tend to decrease when the domestic or foreign economies slow;
- continued deregulation of the electric power industry and broader energy industry; and
- availability and or effectiveness of government subsidies and incentives.

**The reduction or elimination of government economic incentives could prevent us from achieving sales and market share.**

We believe that the near-term growth of the market for various application of solar power generation such as "on-grid" applications, where solar power is used to supplement a customer's electricity purchased from the utility network, depends in large part on the availability and size of government and economic incentives. The reduction or elimination of government economic incentives may adversely affect the growth of this market or result in increased price competition, which could prevent us from achieving sales and market share.

Today, the cost of solar power exceeds the cost of power furnished by the electric utility grid in many locations. As a result, federal, state and local government bodies in many countries, most notably Germany, Japan and the United States, have provided incentives in the form of rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on fossil fuels.

These government economic incentives could be reduced or eliminated altogether, which would significantly harm our business.

**We face intense competition from other companies producing solar power and other energy generation products. If we fail to compete effectively, we may be unable to increase our market share and sales.**

The mainstream power generation market and related product sectors are well established and we are competing with power generation from more traditional process that can generate power at lower costs than most renewable or environmentally driven processes. Further, within the renewable power generation and technologies markets we face competition from other methods of producing renewable or environmentally positive power. Then, the solar power market itself is intensely competitive and rapidly evolving. Our competitors have established market positions more prominent than ours, and if we fail to attract and retain customers and establish a successful distribution network for our solar products, we may be unable to achieve sales and market share. There are a number of major multi-national corporations that produce solar power products, including BP Solar, Kyocera, Sharp, GE, Mitsubishi, Solar World AG and Sanyo. We also expect that future competition will include new entrants to the solar power market offering new technological solutions. Further, many of our competitors are developing and are currently producing products based on new solar power technologies that may have costs similar to, or lower than, our projected costs.

Most of our competitors are substantially larger than we are, have longer operating histories and have substantially greater financial, technical, manufacturing and other resources than we do. Our competitors' greater sizes in some cases provides them with competitive advantages with respect to manufacturing costs due to their ability to allocate fixed costs across a greater volume of production and purchase raw materials at lower prices. They also have far greater name recognition, an established distribution network and an installed base of customers. In addition, many of our competitors have well-established relationships with current and potential resellers, which have extensive knowledge of our target markets. As a result, our competitors will be able to devote greater resources to the research, development, promotion and sale of their products and may be able to respond more quickly to evolving industry standards and changing customer requirements than we can.

**We expect to be dependent on a limited number of third-party suppliers for key components for our products, which could prevent us from developing projects within required timeframes, which could result in delays, cancellations, liquidated damages and loss of market share.**

In addition to our expected reliance on minimal suppliers for our solar cells and panels, we expect to rely on third-party suppliers for key components for our solar power systems, such as inverters that convert the direct current electricity generated by solar panels into alternating current electricity usable by the customer.

If we fail to develop or maintain our relationships with our suppliers of solar cells or other suppliers for additional key components, we may be unable to purchase our products or our products may be available only at a higher cost or after a long delay, which could prevent us from developing our

power generation projects within required timeframes and we may experience order cancellation and loss of market share. To the extent the processes that our suppliers use to manufacture components are proprietary, we may be unable to obtain comparable components from alternative suppliers. The failure of a supplier to supply components in a timely manner, or to supply components that meet our quality, quantity and cost requirements, could impair our ability to develop our power production projects or decrease their costs any of which could have a material adverse effect on our business and results of operations.

**Because the markets in which we compete are highly competitive and many of our competitors have greater resources than us, we may not be able to compete successfully and we may lose or be unable to gain market share.**

Our solar products will compete with a large number of competitors in the solar power market. In addition, universities, research institutions and other companies have brought to market alternative technologies which may be used to compete with our business. We expect to face increased competition in the future. Further, many of our competitors are developing and are currently producing products based on new solar power technologies that may ultimately have costs similar to, or lower than, our projected costs.

Our solar power products and services compete against other power generation sources including conventional fossil fuels supplied by utilities, other alternative energy sources such as wind, biomass, CSP and emerging distributed generation technologies such as micro-turbines, sterling engines and fuel cells. In the large-scale on-grid solar power systems market, we will face direct competition from a number of companies that manufacture, distribute, or install solar power systems. Our primary competitors in the United States include Arizona Public Service Company, BP Solar International, Inc., a subsidiary of BP p.l.c., Conergy Inc., Dome-Tech Group, Eastwood Energy, EI Solutions, Inc., GE Energy, a subsidiary of General Electric Corporation, Global Solar Energy, Inc., a subsidiary of Solon, Power-Fab, Schott Solar, Inc., Solar Integrated Technologies, Inc., SPG Solar, Inc., Sun Edison LLC, SunTechnics Installation & Services, Inc., Thompson Technology Industries, Inc. and WorldWater & Power Corporation. Our primary competitors in Europe include BP Solar, Conergy (through its subsidiaries AET Alternative Energie Technik GmbH, SunTechnics Solartechnik GmbH and voltwerk AG), PV-Systemtechnik Gbr, SAG Solarstrom AG, Solon AG and Taufer Solar GmbH. Additionally, our business will occasionally compete with distributed generation equipment suppliers such as Caterpillar, Inc. and Cummins Inc. Other existing and potential competitors in the solar power market include universities and research institutions. We also expect that future competition will include new entrants to the solar power market offering new technological solutions. As we enter new markets and pursue additional applications for our products and services, we expect to face increased competition, which may result in price reductions, reduced margins or loss of market share.

Competition is intense, and many of our competitors have significantly greater access to financial, technical, manufacturing, marketing, management and other resources than we do. Many also have greater name recognition, a more established distribution network and a larger installed base of customers. In addition, many of our competitors have well-established relationships with our potential

suppliers, resellers and their customers and have extensive knowledge of our target markets. As a result, these competitors may be able to devote greater resources to research and development, and respond more quickly to evolving industry standards and changing customer requirements than we will be able to. Consolidation or strategic alliances among such competitors may strengthen these advantages and may provide them greater access to customers or new technologies. To the extent that government funding for research and development grants, customer tax rebates and other programs that promote the use of solar and other renewable forms of energy are limited, we will compete for such funds, both directly and indirectly, with other renewable energy providers and their customers.

If we cannot compete successfully in the solar power industry, our operating results and financial condition will be adversely affected. Furthermore, we expect competition in the targeted markets to increase, which could result in lower prices or reduced demand for our product and service offerings and may have a material adverse effect on our business and results of operations.

**Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines for us.**

We are required to comply with all foreign, U.S. federal, state and local laws and regulations regarding pollution control and protection of the environment. In addition, under some statutes and regulations, a government agency, or other parties, may seek recovery and response costs from operators of property where releases of hazardous substances have occurred or are ongoing, even if the operator was not responsible for such release or otherwise at fault. In the course of future business we may use, generate and discharge toxic, volatile and otherwise hazardous chemicals and wastes in our operations or related research and development and manufacturing activities. Any failure by us to control the use of, or to restrict adequately the discharge of, hazardous substances could subject us to potentially significant monetary damages and fines or suspensions in our business operations. In addition, if more stringent laws and regulations are adopted in the future, the costs of compliance with these new laws and regulations could be substantial. If we fail to comply with present or future environmental laws and regulations we may be required to pay substantial fines, suspend production or cease operations.

**In order to finance the development of our solar power projects, we may transfer a portion of our equity interest in the individual projects to a third party and enter into long-term fixed price power purchase agreements. Under generally accepted accounting principles, this may result in the deconsolidation of these subsidiaries, and the reflection of only our net ownership interests in our financial statements.**

Each of the solar power projects will likely be owned by a separate subsidiary. The solar power projects developed by these subsidiaries will likely be separately financed. To obtain the financing necessary to develop the solar power projects, we may transfer a portion of our equity interest in the individual subsidiaries to a third party and enter into long-term fixed price power purchase agreements. Depending upon the nature of these arrangements and the application of generally accepted accounting principles, primarily Statement of Financial Accounting Standards Board

Interpretation Number 46R “Consolidation of Variable Interest Entities (Revised December 2003)—an interpretation of ARB No. 51,” we may be required to deconsolidate one or more or all of these subsidiaries, which would result in our share of the net profits or loss generated by the deconsolidated entities being presented as a net amount in our financial statements. As a result, our financial statements would not reflect the gross revenues and expenses of the deconsolidated entities. However, we do not expect the effect of such deconsolidation, if required, to have an impact on our stockholders’ equity, net income/loss or income/loss per share.

**We may pursue strategic acquisitions that could have an adverse impact on our business.**

Our success depends on our ability to execute our business strategies. Executing our strategies may involve entering into strategic transactions to acquire complementary businesses or technologies. In executing these strategic transactions, we may expend significant financial and management resources and incur other significant costs and expenses. There is no assurance that the execution of any strategic transactions will result in additional revenues or other strategic benefits for either of our business segments. The failure to enter into strategic transactions, if doing so would enable us to better execute our business strategies, could also harm our business, prospects, financial condition and results of operations.

We may issue company stock as consideration for acquisitions, joint ventures or other strategic transactions, and the use of common stock as purchase consideration could dilute each of our current stockholder’s interests. In addition, we may obtain debt financing in connection with an acquisition. Any such debt financing could involve restrictive covenants relating to capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. In addition, such debt financing may impair our ability to obtain future additional financing for working capital, capital expenditures, acquisitions, general corporate or other purposes, and a substantial portion of cash flows, if any, from our operations may be dedicated to interest payments and debt repayment, thereby reducing the funds available to us for other purposes and could make us more vulnerable to industry downturns and competitive pressures.

## Risks Relating to Our Operations

**We are currently in a growth stage and may experience setbacks in both business and product development.**

We are subject to all of the risks inherent in both the creation of a new business and the development of new and existing products. As a growth-stage company, our cash flows may be insufficient to meet expenses relating to our operations and the growth of our business, and may be insufficient to allow us to develop projects. We currently do not manufacture or market any product and we cannot be certain that we will ever be able to develop any business.

**We need substantial additional capital to continue our research and development activities and begin commercialization plans. We do not have any capital commitments at this time.**

Clear Peak is currently a development stage company only. Accordingly, the Corporation will be dependent on obtaining additional external sources of capital in order to fund its operations or even continue as a going concern. A future capital raise could involve a private or public sales of equity securities or the incurrence of additional indebtedness. Additional funding may not be available on favorable terms, or at all. If we borrow additional funds, we likely will be obligated to make periodic interest or other debt service payments and may be subject to additional restrictive covenants. If we fail to obtain sufficient additional capital in the future, we could be forced to curtail our growth strategy by reducing or delaying capital expenditures, selling assets or downsizing or restructuring our operations. If we raise additional funds through public or private sales of equity securities, the sales may be at prices below the market price of our stock, and our shareholders may suffer significant dilution as a result of such sale.

**Our weak balance sheet may prevent us from extracting the best commercial terms from parties we do business with, and this may affect the value of your common stock.**

Clear Peak is poorly capitalized in terms of the cash available on its balance sheet. As a result, when it comes to negotiating credit terms with vendors or even a lease with a landlord, we will likely be a less attractive customer to these parties. Additionally, when we seek joint venture agreements or other strategic agreements with commercial parties, we will be seen as a weaker company and this may cause the party we are negotiating with to offer less favorable terms to us than they otherwise would offer to a more financially sound company.

**We currently do not have adequate insurance coverage for claims against us.**

We face the risk of loss resulting from product liability, securities, fiduciary liability, intellectual property, antitrust, contractual, warranty, environmental, fraud and other lawsuits, whether or not such claims are valid. In addition, we do not have adequate or in some cases, any product liability, fiduciary, directors and officers, property, natural catastrophe and comprehensive general liability insurance. To the extent we secure adequate insurance it may not be adequate to cover such claims or may not be available to the extent we expect. If we are able to secure adequate insurance our costs could be volatile and, at any time, can increase given changes in market supply and demand. We may not be able to obtain adequate insurance coverage in the future at acceptable costs. A successful claim that exceeds or is not covered by our policies could require us to pay substantial sums. Even to the extent we are able to acquire adequate insurance, we may not be able to afford to continue coverage through a policy period or in multiple and successive policy periods.

**Presently, we have limited management operating the company who may also focus on other interests.**

The present management team may not be experienced enough and sufficient in number to maximize or even realize the potential of Clear Peak. It is very likely that more qualified additional managers, with significantly more specific



experience in the businesses we seek to engage in, will need to be hired. The sooner we can hire these people the better. These persons will likely require substantial salaries and compensation packages that the company cannot presently afford. Additionally, to the extent we use a service to assist the company in finding qualified managers, there may be substantial fees associated with recruiting new additional or replacement managers. To the extent that we

are unable to ultimately bring managers into the company who are more qualified than our present team, the company and its shareholders will be negatively impacted. In addition, our management may not devote full time to Clear Peak and may pursue other interests.

## DESCRIPTION OF BUSINESS AND SELECT FINANCIAL PROJECTION

Clear Peak Energy, Inc. has not commercialized or cash flowed from any of its technologies or products. Please carefully read Risk Factors on page 3.

Clear Peak Energy is developing and operating clean solar electric power plants incorporating proven, lower-cost, photovoltaic (PV) technology. Clear Peak intends to generate 250 megawatts-dc (MW-dc) of power capacity from new solar PV power plants across the western United States in the next four to five years expanding to 1,000 MW-dc thereafter.. Clear Peak intends to sell its power to utilities as an Independent Power Producer (IPP) through long term Power Purchase Agreements (PPAs).

### Management

Clear Peak has assembled a management team with a management team with respective members having broad experience in energy, land development, and/or venture finance. Clear Peak is led by Kirby Cochran, former President of Headwaters (NYSE:HW) and a pioneer of leveraging tax credits in successful energy ventures. In addition to assisting in the raising of over \$300 million for that company, Mr. Cochran is responsible for securing what we believe to be more energy tax credits than anyone in U.S. history. Under his leadership, Clear Peak has assembled an executive team with vast experience in energy sector businesses including oil and gas and coal as well as critical specialized expertise in solar power plant engineering and development.

### Demand for Power

At present, the world's population consumes about 15 terawatts of power which translates into a business worth \$6 trillion a year or about a tenth of the world's economic output. By 2050, power consumption is anticipated by our management to rise to upwards of 30 terawatts. Demand for electricity in the U.S. is growing twice as fast as new supplies are being added. Clean renewable power sources are in even more demand as a result of awareness of environmental issues and increased government regulation. The Public Utility Regulatory Policies Act of 1978 (PURPA) creates conditions under which utility companies must purchase power from IPPs like Clear Peak. In addition, many states have adopted feed-in tariffs (FITs) whereby utilities pay for new sources of on-grid renewable energy at pre-determined prices high enough to attract investors. We foresee no slowdown in the demand for electricity.

### Demand for Renewables

Electric power generation (mostly from coal and natural gas) is a primary source of CO<sup>2</sup> emissions. Renewable sources such as solar power are clean alternative energy sources with nearly zero-emissions.

In 1997, 37 industrialized nations adopted the Kyoto Protocol with the intent of reducing greenhouse gases emissions. Kyoto provides for a "cap and trade" system which imposes national caps on the emissions of countries. On average, this cap requires countries to reduce their emissions by 5.2% below their 1990 baseline over the 2008 to 2012 period. Along with limits on emissions, many of these nations are promoting the use of carbon funds to purchase carbon credits and greenhouse gas certificates to incentivize carbon neutral energy. Demand for new sources of renewable energy has grown dramatically as countries seek ways to meet emissions caps.



## U.S. Renewable Energy Policies and Incentives

Federal and state governments have approved aggressive incentives in the form of tax credits, rebates, guaranteed loans, and grants programs to foster increased development of clean energy sources in the United States.

In October 2008, the U.S. Congress enacted The Emergency Economic Stabilization Act of 2008 which:

- Extended the 30% Business Investment Tax Credit under IRC Section 48 for 8 years
- Lifted the monetary cap for residential PV installations
- Allowed application of the tax credits against the alternative minimum tax (AMT)
- Removed the prohibition against utilities' use of the ITC

This Act provides long term policy stability for participants and investors in the solar power industry.

The U.S. Senate and House of Representatives are working on bills that would establish a federal Renewable Electricity Standard (RES). The Senate bill, S.1462 or "American Clean Energy Leadership Act of 2009," as passed by committee July 2009, and a similar bill passed by the House of Representatives, H.R. 2454, known as the "American Clean Energy and Security Act of 2009" require utilities to obtain a portion of their base quantity of electricity from renewable energy or gains in energy efficiency. The standard starts at 3 percent in 2011, grows by increments of 3 percent every three years thereafter to 12 percent in 2019-2020, and increases another 3 percent for 2021 through 2039 when it ends.

While the United States has not adopted the Kyoto Protocol, states have enacted initiatives with similar goals. The Western Climate Initiative (WCI) is one such organization organized by states and province along the Western rim of North America with a goal of reducing greenhouse gas emissions by 15% from 2005 levels by 2020. They released an outline for an international cap-and-trade framework in 2008 with the first phase to be launched January 2012.

State Governments are also aggressively promoting the use of renewable energy. To date, 29 states and the District of Columbia have enacted Renewable Portfolio Standards (RPS) which require from 10% to 30% of the power consumed in the state to come from renewable resources like solar, wind, hydroelectric, biomass, and geothermal power.

State governments and utilities have also adopted various types of renewable energy incentives including rebates, production-based or performance-based incentives (PBIs), feed-in tariffs (FITs) and purchase programs for Renewable Energy Certificates/Credits (RECs). States and utilities have begun shifting away from simple rebate programs for photovoltaics and towards PBIs. Over the last year, 15 PBIs were created, and the caps or rates for seven PBIs increased. There are 39 PBIs in 28 states, with 14 PBIs for solar, 11 feed-in tariffs, and 14 REC-purchase programs. Most – but not all – PBIs involve the transfer of RECs from the generator to the utility.

In the U.S. various forms of Renewable Energy Certificates or Credits (RECs) have been created to incentivize carbon neutral energy. RECs are tradable, non-tangible energy commodities that represent proof that 1 MWh of electricity was generated from an eligible renewable energy resource. RECs are traded on compliance and voluntary markets. Utilities must hold RECs to prove that they have met state RPS levels for renewable energy. In the California example, the electric companies would need to hold RECs equivalent to 33% of their electricity sales obtained either by producing renewable energy directly or by purchase through the compliance market. RPSs have created tremendous demand for renewable energy and RECs produced by renewable energy IPPs like Clear Peak.

One of the most important programs for promoting growth in distributed renewable energy generation markets is Net Metering where a utility pays or reimburses consumers for excess energy generation from the customer premises. Most net metering arrangements limit their scope to traditional residential or commercial power consumers, and the programs are not intended for large scale facilities interested in generating wholesale power. As of June 2009, 42 states and the District of Columbia had adopted net metering, each with different rates for excess energy and policies for payment. Net metering policies include an aggregate capacity cap of net metered systems allowed to participate in state net metering programs. Aggregate program caps are usually expressed as a percentage of a utility's annual peak demand. Over the past year, there has been some movement at expanding these caps. Arizona for example, finalized rules that contain no explicit aggregate cap.

## Solar PV Power

Solar power is the cleanest, most abundant power available. Solar power resources are virtually unlimited – amounting to 86,000 terawatts of available power at the Earth's surface. Harnessing less than 0.02% of the total available solar resources would be sufficient to supply the total energy consumption from all other sources today, including fossil fuels and nuclear power.

While solar power accounted for less than a tenth of a percent (0.1%) of total U.S. energy consumption in 2008, solar PV is one of the fastest growing renewable energy sources today in the world today. Spurred by decreasing prices for PV modules and generous tax incentives, world solar photovoltaic (PV) market installations reached a record high of 5.95 GW in 2008, representing growth of 110% over the previous year and a fifteen-fold increase over the total amount installed a decade earlier. The United States accounted for 360 MW of total additions.

In the U.S., installed U.S. solar power capacity rose by 16 percent to 9.2 GW in 2008, the strongest growth in a single year. This included about 1,100 MW of PV, 418 MW of utility-scale concentrating solar power (CSP), and about 7,640 MW-Th (megawatts thermal equivalent) of solar water heating systems and pool heating systems. According to EIA, total solar energy production in the U.S. reached 843 GWh.

Grid-connected capacity has become the fastest PV growth sector with grid-tied PV installations increasing 81 percent in 2008 over 2007 installations according to SEIA. A doubling in size of the residential PV market and three new CSP plants helped lift the U.S. solar electric market 37 percent in annual installations over 2008 from 351 MW in 2008 to 481 MW in 2009.

Installations grew especially fast in 7 states, including California, Hawaii, Maryland, North Carolina, Ohio, Oregon and Pennsylvania, where on-grid capacity additions more than doubled over 2007 figures. Solar PV installations in California, the dominant U.S. market, increased by 95% in 2009. At the end of 2008, California had 67% of all U.S. grid-tied solar capacity and accounted for 50% of all installations in 2009. The top states for PV panels tied to the grid are California with total capacity of 1102 MW, New Jersey with 128 MW, Nevada with 100 MW, and Colorado with 59 MW. Eighty four percent of installed grid-connected capacity was in these four states.

Despite the financial crisis and shifting market conditions, the near-term growth outlook for PV is promising with analysts projecting that 2012 installations could range anywhere from 11 GW to 40 GW. The spread between these projections is attributable to a broad range of factors including manufacturing capability, raw material supply, conversion efficiency improvements, fossil fuel price trends, and government policy.

## Clear Peak Energy

Our management believes that all the elements are aligning for rapid growth of the solar power industry. Industry analysts and the media are beginning to recognize the immense opportunity that the solar power industry and independent power producers have in the short term. In the Reuters article, "Solar Power Edges Toward Boom Time", Gerald Wynn states, "the solar sector has grown 40 percent per year despite a shortage of silicon." According to a Gartner report, The U.S. solar power purchase agreement (PPA) market will grow to reach an estimated \$8 billion in new photovoltaic (PV) solar power generation installations by 2013, up from an estimated \$0.7 billion in 2009. Clear Peak is well positioned to capitalize on current, unique opportunities in the emerging solar PV energy segment.

The Company plans to develop a series of solar power plants across the western United States with capacity to generate over 250 MW-dc of electricity. Clear Peak intends to sell power to public utilities as an Independent Power Producer through long-term Power Purchase Agreements (PPA's) with the utilities and use government incentives to leverage shareholder investment in plant development. Over a 20 year period, the energy produced by these solar PV power plants is expected to generate over \$1.1 billion in energy and REC revenues. After the initial 4 year development period, Clear Peak plans to expand capacity to over 1,000 MW-dc.

Funding for solar plant development will be raised through equity tax partnerships (ETPs) with investors who will receive a portion of cash flows from power generation, and who are able to benefit immediately from significant tax benefits generated from the project. ETPs will be formed for each project that will have individual capacities ranging primarily from 1 to 20 MW-dc. A 1.5 MW partnership will require approximately \$6.0 million in capital for development of the solar PV power plant plus additional funds for operational working capital.

Clear Peak anticipates that investors in the ETPs will receive:

- 100% of the tax credits generated by the Company
- 10% share of operating revenue generated by the ETP for 10 years from inception
- Common shares in the Parent Company, Clear Peak Energy.

The Company will retain the remaining 90% share of operating revenue and 100% of the depreciation associated with project facilities and equipment. After 10 years, Clear Peak will purchase the project assets at nominal value from the ETPs. Clear Peak will generate revenue primarily from its allocated share of the operating revenue from energy and REC sales. Total revenue from these sources is expected to be approximately \$103 million over the first 5 years through 2014. In addition, over this period, Clear Peak will accumulate approximately \$465 million in depreciation benefits.

## COMPANY OVERVIEW

Clear Peak Energy, Inc. is a publicly traded Nevada Corporation developing and operating clean solar electric power plants incorporating proven, lower-cost, photo-voltaic (PV) technology. The Company's business plan covers the development and operations of solar PV power plants in the United States.

Traditional energy sources such as petroleum, coal and natural gas are under increasing scrutiny over their environmental implications and carbon footprint. Indeed, national concerns about carbon emissions and dependence on foreign oil have resulted in strict government regulations to regulate carbon emissions and substantial incentives to increase use of

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renewable energies.

Uncertainty about federal carbon policies has made investing in coal plants more risky. During 2007, over 30 proposed coal-based power plants were postponed or cancelled. According to Dynegy Chief Executive Bruce Williamson upon cancellation of one coal plant venture, "Today, the development of new generation is increasingly marked by barriers to entry, including external credit and regulatory factors that make development much more uncertain."

In addition, federal and state governments have enacted generous incentives in the form of investment tax credits, production tax credits, feed-in tariffs, grants and guaranteed loans for the renewable energy industry to spur investment in new sources. These credits and incentives are available to assist in development costs, increase profitability and reduce dilution for investors. Together they create an immediate opportunity for alternative energy sources such as solar PV to fill ever increasing future energy demands.

The Company plans to aggressively develop a series of solar PV power plants with capacity to generate over 250 MW and expanding to 1,000 MW-dc by 2018 thereafter. Clear Peak intends to secure promising solar properties in the western U.S., acquire necessary permits, perform and manage development and operation of the power plants. Capital needs through this phase are anticipated to be approximately \$1.15 billion raised primarily through equity investment until the company is able to self-fund projects from generated cash flow and or judicious debt to equity to attempt to maximize stockholder value. ETP Investors are expected to realize Investment Tax Credits equal to 30% of cost of the facility or approximately \$300 million dollars over the plant development period.

The Company plans to market the power to public utilities that are seeing energy and peak demand growth rates around 2% a year and are subject to increasingly stringent government mandates to increase their share of power generated from clean alternative energy sources. The target customers are public and municipal utility companies.

Clear Peak Energy intends to sell its power to utilities as an IPP through long term Power Purchase Agreements (PPAs). Utilities are regulated in their purchase of power from IPPs. The Public Utilities Regulatory Policies Act (PURPA), passed by Congress in 1978, requires utilities to buy power from qualified non-utility power producers at no less than the "avoided cost" rate, or the cost the utility would have to pay to generate the power from another source. Essentially, if IPPs can generate power more cheaply than utilities, PURPA preserves that increased margin for the IPP. The price utilities are paying for energy from renewable sources often include an additional premium above avoided cost to account for beneficial "renewable attributes" including reduction in greenhouse gas emissions, renewable energy certificates, carbon credits, peak production during peak demand periods, and the ability to generate power close to the demand.

## TECHNOLOGY

### Solar PV Modules

Photovoltaic-based solar cells convert sunlight into electricity. They are made of semiconductor materials similar to those used in computer chips. The most commonly used PV material is crystalline silicon. Two different semiconductor layers, each with a different concentration of valence electrons, are sandwiched together to form a PV cell, possibly coated with an anti-reflective coating. When illuminated, a voltage develops across the junction between them which causes a direct current to flow in an external circuit. The process of converting light to electricity is called the photovoltaic effect. Multiple PV cells are packaged into a PV module and multiple modules are combined into an array. A single PV module typically produces 10-300 Watts of electric power.

The PV effect was first discovered by the French physicist Edmund Becquerel in 1839 using copper oxide in an electrolyte. However, it was not until 1883 that the first solar cell was built, by Charles Fritts, who coated the semiconductor selenium with an extremely thin layer of gold to form the junctions.

The modern age of solar power technology arrived in 1954 when Bell Laboratories, experimenting with semiconductors, accidentally found that silicon doped with certain impurities was very sensitive to light. Daryl Chapin, with Bell Labs colleagues Calvin Fuller and Gerald Pearson, invented the first practical device for converting sunlight into useful electrical power. This resulted in the production of the first practical solar cells with a sunlight energy conversion efficiency of around 6%. The solar battery was first demonstrated on April 25, 1954.

Since its first commercial use in powering orbital satellites of the U.S. space programs in the 1950's, PV has made significant progress in increased efficiency and reduced costs with module shipments reaching nearly 6 GW in 2008.

### PV Modules Types

Today's PV cells are made of semiconductor materials and have one of two fundamental designs, crystalline and thin-film, that vary from each other in terms of light absorption efficiency, energy conversion efficiency, manufacturing technology and cost of production.

Crystalline PV cells are the most common type of cell (90% of current demand) and have achieved the highest efficiency in conversion of light to direct current (dc) power to date. They are made from single-crystal (or mono-crystalline) silicon or polycrystalline silicon structures. Some applications use more efficient (and more expensive) semiconductor materials such as Gallium Arsenide (GaAs). Poly-crystalline devices typically have conversion efficiencies of about 13-14%. Mono-crystal cells have a higher efficiency than polycrystalline—in the 15-20% range—but have at a higher cost due to manufacturing challenges. Commercially available crystalline modules have a useful life time of greater than 20 years. Indeed, some manufacturers guarantee the dc outputs do not degrade more than 5% over a 20-25 year period.

Thin film PV cells are made by depositing a thin film of amorphous silicon, copperindiumdiselenide (CIS), cadmium telluride (CdTe) or other novel semiconductors onto a low-cost substrate such as plastic, glass or metal foil. These cells have several advantages over crystalline cells including lower cost and ease of manufacture, but to date have not achieved the efficiencies of crystalline cells. Thin-film devices typically have efficiencies of 8% for CdTe and 10% for CIS. It is generally accepted that thin-film devices will degrade more quickly over time than crystalline devices.

Looking forward, a number of concepts show promise of advancing the performance of PV devices by a factor of two or three times from present day commercial modules. One known as the “multi-junction” cell involves stacking two or more working junctions so that sunlight filters through the upper junctions and reaches the lower junctions. This configuration allows increased absorption of photons and have demonstrated efficiencies in converting light energy into DC power of nearly 40%. In theory, multi-junction devices may offer up to 86% efficiency. Clear Peak intends to be at the forefront of the industry as this technologies mature.

In December 2008, U.S. retail prices for PV modules averaged \$4.31/W. The lowest price for polycrystalline modules was \$1.98/W, for mono-crystalline was \$2.70/W and the lowest price for thin-film modules was \$1.76/W for 130 W modules from an Asian retailer. For context, the module price represents about 50-60% of the total installed system cost. In a 2008 a survey of total system costs for rack-mounted systems greater than 100 kW averaged \$7.2/W for crystalline and \$6.7/W for thin-film. Year 2009 marked a second year of major price declines for PV modules. Prices have fallen to \$1.85-\$2.25 per watt from \$3.50-\$4.00 per watt in mid-2008, a drop of over 40 percent.

## Commercial Solar Array Systems

A typical solar array is assembled from multiple PV modules that are either fixed mounted, or are configured with 1-dimensional or 2-dimensional solar tracking systems to increase system efficiency. Fixed systems are typically on a pole or rack mounted and oriented to the south to maximize incident solar radiation. Tracking systems require a mechanism to track the path of the sun and can achieve up to 30% more power than fixed-mounted systems at the expense higher costs associated with the tracking mechanism and the additional maintenance required to keep them functioning properly. In 2008, total system costs in a survey of systems between 10-100 kW-dc averaged \$8.4/W for fixed-mount to \$8.9/W for tracking systems.

The electrical output from the modules is low-voltage dc power that is collected and routed to a series of inverters to convert the power to alternating current (ac) and transformers to step-up the voltage to voltage levels suitable for interconnection to the electric transmission grid, typically 115kV. Total efficiencies in converting dc power to ac power for transmission are about 77%. Land requirements for a solar array are about 2-7 acres per MW-dc depending on the configuration.

## Comparing Costs for Solar Electricity

Analysts use the levelized cost of electricity (LCOE) to compare the cost of different energy source and design alternatives. LCOE is the ratio of total lifecycle costs to total energy production and is expressed in a nominal cost per unit energy (i.e., \$/kWh, \$/kW-yr or \$/MWh) to produce electricity. LCOE is typically expressed in terms of its nominal or present-value. Lifecycle costs include capital costs, financing costs, depreciation, and any additional operational and maintenance costs, all in present value terms.

New Energy Finance forecast that the levelized cost of solar electricity is likely to drop by 50 percent in 2009 from the previous year to \$160 /MWh due largely to a big fall in solar panel prices. The U.S. DOE predicts that due to falling silicon and solar PV costs with increasing market adoption and rising costs of conventional energy, solar electricity costs will achieve “grid-parity” with conventional sources (\$100-120/MWh) by 2015 without subsidies.

## The U.S. Solar Resource

Solar power is the cleanest, most abundant power available. Solar power resources are virtually unlimited – amounting to 86,000 terawatts of available power at the Earth's surface. Less than 0.02% of the available solar resources would be sufficient to supply the total energy consumption from all other sources today.

As sunlight filters through the atmosphere, some is reflected, some is absorbed, some is scattered. Radiation reaches a PV module either directly (“direct-normal radiation”), after being scattered (“diffuse radiation”) or reflected from the ground. On a clear day around noon direct normal-beam radiation reaching the earth is typically 900-1,000 W/m<sup>2</sup>.

In the U.S., the intensity of solar radiation incident on the ground is quantified as the solar radiation per unit area and expressed in terms of kWh/m<sup>2</sup>/yr or kWh/m<sup>2</sup>/day. This is termed the insolation or solar irradiance. The irradiance is the highest in the western United States reaching over 6 kWh/ m<sup>2</sup>/day. Actual power produced by a solar PV array will depend on module dc conversion efficiencies, tracking efficiencies, conversion losses to ac power and network losses.

## Clear Peak Approach

The Company plans to develop a series of solar PV power plants primarily in the western United States with total power generation capacity reaching 250 MW-dc (218 MW-ac). Development of each plant involves site location, power plant engineering, permitting, power plant construction and connection to the public utility power grid. A 200 kW-dc plant can be designed and constructed in 4 months using standard off-the-shelf components for a total installed cost of approximately \$5.8/Watt in 2009. Current prices for typical larger installations (>1 MW) have decreased to approximately \$4/W. On larger installations, it is possible to install 0.5 MW per day. Construction of a 170 MW-dc plant, for example, can take up to 16 months including site prep and clean up.

## GOVERNMENT INCENTIVES AND SUPPORT

To stimulate growth of the commercial production of energy from renewable sources, federal and state governments and utilities are offering generous incentives in the form of Renewable Energy Investment Tax Credits (ITCs), Production Tax Credits (PTCs), rebates (performance and capacity based incentives), grants and loan guarantees. In addition, states have set aggressive Renewable Portfolio Standards (RPS's) for the future level of renewable energy within their energy portfolios. State and utilities have established feed-in tariffs at attractive rates for third party grid-connected renewable energy providers and net-metering policies for eligible distributed residential and commercial electricity generators. Clear Peak intends to capitalize on available government incentives and support to the fullest extent possible.

## New Energy for America Plan

A key goal of the Obama-Biden New Energy for America plan is to diversify energy sources and reduce the nation's dependence on oil. According to a Whitehouse press release, the plan will invest over \$150 billion over the next ten years to catalyze private efforts to build a clean energy future and ensure 10 percent (10%) of our electricity comes from renewable sources by 2012 and 25% by 2025. The plan also has ambitious goals to implement a cap-and-trade program to reduce greenhouse gas emissions by 80% by 2050.

The U.S. Senate and House of Representatives are working on bills that would establish a federal Renewable Electricity Standard (RES). The Senate bill, S.1462 or "American Clean Energy Leadership Act of 2009," passed committee in July 2009, and a similar bill passed by the House of Representatives, H.R. 245 or the "American Clean Energy and Security Act of 2009," require utilities to obtain a portion of their base quantity of electricity from renewable energy or gains in energy efficiency. The standard starts at 3 percent in 2011, grows by increments of 3 percent every three years thereafter to 12 percent in 2019-2020, and increases another 3 percent for 2021 through 2039 when it ends.

## Federal Investment Tax Credits

Under section 48 of the Internal Revenue Code, a taxpayer is allowed a tax credit for the purchase of "equipment which uses solar energy to generate electricity." The credit is equal to 30% of the total cost of the property placed in service in the given tax year and may be carried forward for a period of twenty years. Any unused amounts at the end of the twentieth year may be deducted in full in the twenty-first year.

Section 1603 of the American Recovery and Reinvestment Act of 2009 (ARRA) authorizes the US Treasury Department to provide taxpayers with a cash grant in lieu of the section 48 tax credit outlined above. The cash grant amount available to taxpayers for the purchase of solar equipment is the same as the section 48 tax credit: 30% of the total cost of eligible energy property placed in service in the tax year. However, instead of taking the 30% credit over time, the taxpayer may elect to receive an up-front cash payment in full. The Treasury has extended nearly two billion dollars in cash grants to taxpayers since implementing the legislation, including several individual grants of \$100 million or more.

Clear Peak's business plan proposes an Equity Tax Partnership (ETP) structure that allows the Company to monetize the tax credits through investor in the ETPs who can immediately benefit from the tax benefits.

## State Incentives

Various state incentives are available to renewable energy facilities, including rebates and state tax credits. As of the printing of this document, twenty-one states currently offer some form of a tax credit for solar energy projects, and twenty-two states offer a rebate. Unlike federal tax credits, state programs do not limit funding to purchases of property alone but allow reimbursements for qualified project expenses, such as certain planning and engineering expenditures.



## Tax Incentives

Tax credits can vary widely from state to state, but can be of significant benefit in solar project financing. State incentives are designed with a specific intent: for example, Oregon's program seeks to benefit energy producers through large tax breaks and no incentive caps, whereas Arizona's incentive program is aimed towards helping energy consumers achieve on-site power generation capabilities. Oregon's Business Energy Tax Credit (BETC) provides for a state tax credit equal to 50% of the portion of a solar project's eligible charges not covered by other incentive programs. Credits are distributed over 5 years and available through 2015. Projects can receive a maximum benefit of \$10 million. The BETC has no maximum incentive amount. Arizona, on the other hand, offers a 10% tax credit with a maximum benefit of \$25,000 per project.

## Rebate Programs and Performance-Based Incentives

Rebates take several forms and usually come from municipalities. Rebates are generally either paid up front as a function of installed power capacity (Capacity-Based Incentives or CBI) or over time as a function of power actually generated (Production- or Performance-Based Incentives or PBI).

For example, the California Solar Initiative (CSI) provides rebates to grid-connected California solar projects based on energy generated. This production based incentive for taxable entities with systems greater than 50kW is \$0.39/kWh paid out over five years and declining as the aggregate capacity of PV installations increases. The CSI is focused on the non-residential market and has a budget of \$3.2 billion with the objective of providing 3,000 MW of solar capacity by 2016. Conversely, Oregon's Energy Trust program is an example of an up-front incentive or buy-down. The rebate is paid out upon installation of a solar energy facility and is based upon the power capacity of the project. The incentive rate varies between \$0.75 and \$1.75 per Watt of installed power capacity depending on the utility and applicable sector.

Eugene Water and Electric Board's Solar Electric Program in Oregon is an example of a municipality program that has a PBI for systems between 10kW and 1MW providing \$0.076 to \$0.12/kWh (depending on monthly generation) for 10 years for customers who do not choose the net metering option.

## Net Metering

Net metering arrangements typically allow power consumers to offset all or a portion of their power bill by generating power on site and selling it back to the utility company. If the customer generates more power than it uses, a credit is generally issued on the customer's bill for the excess of generation over usage. Likewise, if the customer uses more power than it generates, the amount of usage in excess of generation is billed to the customer at the regular rate. Some net metering programs incorporate time of use metering which allows utility rates and charges to be assessed based on when the electricity was used (i.e., day/night and seasonal rates). Time of use metering is a significant issue for renewable-energy sources, since, for example, solar power systems produce maximum energy during the daytime peak-price period.

In the U.S., as part of the Energy Policy Act of 2005, under Sec. 1251, all public electric utilities are now required to make available upon request net metering to their customers. Unlike other incentive programs, net metering typically does not pay out cash to the customer but instead applies power generated to reduce current or future power usage. Most net metering arrangements limit their scope to traditional residential or commercial power consumers, and the programs are not intended for large scale facilities interested in generating wholesale power. However, some states programs have broad applicability for IPPs, such as New Mexico which has a maximum capacity limit of 80 MW.

## Feed-In Tariffs

Feed-in tariffs (FITs) are designed to simplify and replace the myriad of possible state, local, and utility level incentives by imbedding all such incentives into the power purchase price. Included in the tariff is the regular wholesale power price plus additional amounts attributable to other incentives. The tariff eliminates the need to research, understand, and comply with multiple incentive structures; rather, a single contract is established with a utility company under its feed-in tariff program that allows a power producer to effectively receive the benefit of renewable energy incentives while avoiding the associated administrative complexity. Contracting under a feed-in tariff naturally disqualifies a power producer from accepting most other forms of non-federal incentives.

Several states currently offer some form of FIT program and many states are implementing or expanding upon a program. California continues to pioneer renewable energy incentives by expanding its feed-in tariff program to encompass all publicly owned utilities and large electrical corporations. California will continue to provide the tariff until total power generation under the program equals 750 MW. The tariff rate is anticipated to far exceed the wholesale power price (by as much as 200-300%) and includes intraday adjustments to compensate power producers for offsetting peak load hours. Washington State's FIT program includes one of the highest rates in the country at nearly 10 times the national average retail power price with maximum system capacity of 100 kW. In 2009, Oregon established a pilot FIT for solar PV systems. Oregon's program has an individual system cap of 500 kW and a statewide cap of 25 MW, but utilities have expressed a willingness to continue to write feed-in tariff contracts even after the mandated capacity has been reached.

Feed-in tariffs provide a very attractive development opportunity due to their simplistic implementation and favorable purchase rates. We will give special consideration to FITs when selecting and evaluating potential development sites and opportunities.

## Renewable Portfolio Standards

Renewable Portfolio Standards (RPSs) require utilities and other retail electricity suppliers to produce or purchase a minimum quantity or percentage of their generation supply from renewable resources. These are typically (and most successfully) paired with other renewable tax credits. Currently 29 states and the District of Columbia have mandatory RPS requirements ranging from 10% to 30% of total energy consumption. Within the 11 western states of the contiguous United States all but three (Idaho, Utah, and Wyoming) now have a mandatory RPS legislation (Utah has a voluntary renewable energy goal), covering almost 80% of retail electricity sales in the region.

Prior to the advent of RPS, the major state policy driver for renewable electricity growth, particularly in the West, was Integrated Resource Planning (IRP) by the electric utilities. Integrated Resource Planning (IRP) originated as a result of PURPA and is a planning process for electric utilities that evaluates many different options for meeting future electricity demand. The primary goal was to incorporate more renewable generation into the supply mix. In its barest form, IRP simply requires that utilities periodically submit long-term resource procurement plans in which they evaluate alternative strategies for meeting their resource needs over the following 20 years.

Transmission planning is part of IRP and is increasingly affected by the growing need for renewable energy. According to the 2008 California Independent System Operator (CAISO) Transmission Plan for connection to the CAISO grid, observed renewable resource trends make up more than 50% of the total generation interconnection capacity interconnection requests in the CAISO Interconnection Queue.

IRP can benefit renewable energy in several ways including: i) better coordination and planning of transmission to accommodate new renewable supplies; ii) regulatory stability for long-term development; and iii) provide additional incentives needed for renewable projects for needed financing.

Both RPS policies and IRP requirements are relatively stable and are likely to continue to support new renewable electricity generation for the foreseeable future.

## Renewable Energy Certificates

In the U.S., various forms of Renewable Energy Certificates or Credits (RECs) have been created to incentivize carbon neutral energy. RECs are tradable, non-tangible energy commodities that represent proof that 1 MWh of electricity was generated from an eligible renewable energy resource. RECs are traded on compliance and voluntary markets. Seven quasi-governmental regional organizations have been created to issue, track and retire RECs within their jurisdiction in accordance with different state's RPS rules. Utilities must hold RECs to prove that they have met state RPS levels for renewable energy. In the California example, the electric companies would need to hold RECs equivalent to 33% of their electricity sales obtained either by producing renewable energy directly or by purchase through the compliance market. RPSs have created tremendous demand for renewable energy and RECs produced by renewable energy IPPs like Clear Peak.

## Modified Accelerated Capital Recovery System (MACRS)

Under the federal Modified Accelerated Cost-Recovery System (MACRS), businesses may recover investments in certain property through depreciation deductions. The MACRS establishes a set of class lives for various types of property, ranging from three to 50 years, over which the property may be depreciated. A number of renewable energy technologies are classified as five-year property including solar electric and solar thermal technologies according to Title 26 USC § 168(e)(3)(B)(vi). MACRS allows most of the costs associated with developing a solar PV plant to be deducted through depreciation over a 5 year period.

## Department of Energy Support

The DOE has issued a Renewable Energy Loan Guarantee Solicitation under Title XVII of the Energy Policy Act of 2005 (EPA) to support projects that "avoid, reduce or sequester air pollutants or anthropogenic emissions of greenhouse gases; and employ new or significantly improved technologies as compared to commercial technologies in service in the United States at the time the guarantee is issued." The loan guarantee program has been authorized to offer more than \$10 billion in loan guarantees for energy efficiency, renewable energy and advanced transmission and distribution projects. Eligible technologies include solar photovoltaic and other renewable energy sources. Under the program, eligible developers can get guaranteed loans for up to 80% of total project costs.

The American Recovery and Reinvestment Act of 2009 (ARRA) (H.R. 1) enacted in February 2009 and also known as the Temporary Loan Program, extended the authority of the DOE to issue loan guarantees and appropriated \$6 billion for this program. Under this act, the DOE may enter into guarantees until September 30, 2011. In July 2009, the U.S. DOE issued a solicitation for innovative energy efficiency, renewable energy, transmission, and distribution technologies. The solicitation is expected to support as much as \$8.5 billion in lending to eligible projects.

ARRA amended EPCA 2005 by adding a new section defining eligible technologies for new loan guarantees. Eligible projects include renewable energy projects that generate electricity or thermal energy and facilities that manufacture related components, electric power transmission systems, and innovative biofuels projects.

The Company's business plan currently relies entirely on equity financing with no debt. However, loans through the Renewable Energy Loan Guarantee Program and other debt sources may be considered as the business case warrants.

## Job Creation Initiatives

According to Vice President Joe Biden, President Obama's clean energy initiatives will allocate an estimated \$23 billion in renewable generation and advanced energy manufacturing and help create 253,000 jobs and leverage more than \$43 billion in additional investment that may support another 469,000 jobs. Projects in the \$787 billion economic stimulus package are contributing to "unprecedented growth" in renewable energy, such as wind and solar, and improving manufacturing for new clean-energy technology.

## "Green" Environmental Concerns

The political and social climate of support for renewable "green" energy is unprecedented. Currently, electricity generation (primarily from fossil fuels like coal and natural gas) is the dominant source of CO<sub>2</sub> emissions growth at 0.3% per year. Solar power is the ultimate clean energy source with no fuel consumption, no emissions, no waste production, and virtually no water use. As such it is embraced by environmentalists as a critical part of the world's clean energy future.

## MARKETING AND SALES

Clear Peak offers clean, green, solar power to public and municipal utilities, allowing them increased capacity—particularly during peak load times—at affordable rates while meeting state RPS requirements. Clear Peak intends to sell electrical energy to these utilities as an Independent Power Producer through long-term Power Purchase Agreements (PPA's).

## The Global Demand for Energy

The worldwide energy market is one of the largest global industries by revenue in the world. World energy consumption is expected to increase by 44 percent from 472 quadrillion Btu to 678 quadrillion Btu from 2006 to 2030. This corresponds to a compound average growth rate of about 1.5% annually. The growth rate in non-OECD countries is expected to outpace that of OECD countries, and energy consumption in non-OECD countries surpassing that of OECD countries in 2010.

Electricity is projected to supply an increasing share of the world's total energy demand and is the fastest-growing form of end-use energy worldwide. World net electricity generation has outpaced demand, growing at 2.9 percent per year since 1990 and forecast to increase 2.4 percent per year from 2006 to 2030. Generation is expected to increase by 77 percent from 18 trillion kWh in 2006 to 31.8 trillion kWh in 2030. North America accounts for the largest regional share of electricity generation at 27 percent of the world's total in 2006 decreasing to 20% by 2030.

## The U.S. Energy Demand and the Surge in Renewables

The U.S. is the largest consumer of electricity in North America and is projected to remain in that position through 2030. According to the EIA, U.S. energy consumption reached nearly 100 quadrillion Btu with petroleum, natural gas and coal making up 84% of total consumption. Renewables accounted for 7.4% of the total in 2008.

State RPS requirements and a risk premium on high-carbon generating technologies are driving a surge in the use of renewable energy. Renewables are the fastest growing energy source for world electricity, increasing by an average of 2.9 percent per year from 2006 to 2030. During 2008, renewable energy accounted for more than 40 percent of power generation capacity added during the year. Total renewable electricity generation is projected to grow by nearly 380 billion kWh to 730 billion kWh and reaching 14.2 percent of total domestic power production in 2030.

Despite the global recession, clean energy investment grew 5% in 2008 to \$155 billion and outpaced investment in traditional energy sources. Falling solar PV module prices are making solar more competitive with other sources and contributing to a

49% jump in solar power investment over 2007 to a level of \$33.5 billion in new investment. That's four times as much as the 2004 investment. These investment levels mark a large-scale transformation of the global energy markets as alternative energy is seen less as a niche and more as an essential and mainstream component of the overall energy market.

## Solar Market/Industry Analysis

Solar power represents one of the most exciting, expansive, and timely opportunities in the energy sector. In the United States, petroleum, coal, oil, are our primary sources of energy. These fossil fuels are not only the leading contributors to global warming, but are proving to be unsustainable for the long term. Shortages in fuel supplies have led to ever increasing energy prices and high price volatility. However, rapid decreases in the price of solar PV modules, generous government incentives and the ability to tap solar power in virtually any location are generating unprecedented demand for solar PV. These issues are the foundation for the immense opportunity in the solar sector.

While the solar power sector is still in its infancy, it is one of the fastest growing energy sources in the world with installed capacity growing from 1.3 GW in 2001 to 15.2 GW in 2008. Analysts predict that within three to seven years, unsubsidized solar power could cost no more to end customers than electricity generated by fossil fuels or other renewable alternatives in many markets, including parts of the U.S. (California and the Southwest), Italy, Japan and Spain. By 2020, global installed solar capacity could be 20 to 40 times its level today.

Installations of solar photovoltaic (PV) systems have been growing at a rapid pace in recent years. In 2008, 5,948 MW of PV systems were installed globally, up from 2,826 MW in 2007, and was dominated by grid-connected applications. The U.S. had the third largest PV demand in the world in 2008 with 360 MW of PV installations behind Spain (2.46 GW) and Germany (1.86 GW).

The high cost of PV module production to date has limited wide-spread adoption in grid-connected applications. As of 2008, solar provides less than a tenth of a percent (0.1%) of total U.S. energy consumption in 2008. Total solar energy production in the U.S. reached 843 GWh.

In the U.S., installed U.S. solar power capacity from all sources rose by 16 percent to 9.2 GW in 2008, the strongest growth in a single year. This included about 1,100 MW of PV, 418 MW of utility-scale concentrating solar power (CSP), and about 7,640 MW-Th (megawatts thermal equivalent) of solar water heating systems and pool heating systems.

According to SEIA, Grid-connected capacity has become the fastest PV growth sector with grid-tied PV installations increasing 81 percent in 2008 over 2007 installations. In 2008, the U.S. added 342 MW-dc of PV, including 292 MW-dc of grid-tied capacity. For grid-tied PV, this represents an 81-percent growth rate over the 161 MW-dc of grid-tied installations in 2007 and brings total installed grid-tied PV capacity in the U.S. to more than 1 GW-dc. Utility installations, defined here as installations for bulk power on the utility's side of the meter, increased to 8% of the grid-connected PV systems installed in 2008 by capacity.

Installations grew especially fast in 6 states, including California, Hawaii, Maryland, North Carolina, Ohio, Oregon and Pennsylvania, where on-grid capacity additions more than doubled over 2007 figures. According to SEIA, installations in California, the dominant U.S. market, increased by 95% in 2008. At the end of 2008, California had 67% of all U.S. grid-tied solar capacity and accounted for 61% of all installations in 2008. The top states for PV panels tied to the grid are California with total capacity of 530.1 MW, New Jersey with 70.2 MW, Colorado with 35.7 MW and Nevada with 33.2 MW. Eighty two percent (84%) of installed grid-connected capacity was in these four states.

Looking to the future, however, solar resources have the potential to play a much more significant role in the energy mix. Despite the financial crisis and shifting market conditions, the near-term growth outlook for PV is promising with analysts projecting that 2012 installations could range anywhere from 11 GW to 40 GW. Strong government support for renewables and recent extensions of tax credits will drive growth in the solar PV sector to nearly 50% annual growth in the coming years to reach a total installed capacity of more than 75 GW by 2020.

Electricity prices are anticipated to rise with fuel costs (most plants remain coal- or natural gas-fired). Solar power, however, has no fuel costs. As power prices rise, (the anticipated increase is from approximately 7-8 cents per kW today to over 10 cents per kW over the next few years), profit margins for renewable power producers will also increase. Typical PPAs include a 2% annual price escalator as an offset against inflation.

## Customer Acquisition Model

Clear Peak intends to sell power to public utilities as an Independent Power Producer through long-term base-load Power Purchase Agreements (PPA's) with the utilities. The Company will negotiate PPAs which provide long-term cash flow predictability and shareholder visibility. PPAs typically extend for between 15 and 30 years and can include price escalation provisions to offset inflation.

## Competitive Analysis

The market for solar IPPs is set for a period of rapid growth. As state RPS standards increase, utilities in need of 3rd party solar energy providers. California, for example, will require nearly 10 GW of new renewable capacity to satisfy the state's RPS requirements. Despite the large demand, utilities have established a competitive market for renewable energy PPAs. Numerous utilities have established multi-year programs to expand 3rd party solar PV capacity. Southern California Edison, for example, has solicited proposals for 250 MW of solar PV capacity owned by IPPs all within SCE territory. Vendor selection will be through reverse auction and secured by 20-year PPAs. Ten percent (10%) of this capacity can be ground mounted and the rest is with primarily 1-2 MW roof mounted installations. SCE will hold a minimum of one auction per year for 5 years.

There are a small but growing number of companies focusing on the development of new grid-connected solar PV plant projects and vying for utility renewable energy PPAs. The scale of these projects is rapidly increasing from hundreds of kilowatts to tens of megawatts and beyond as the demand increases and PV module prices decline. The Company believes it will be successful in securing long term PPA's from multiple utilities due to magnitude of the demand for renewable power for the foreseeable future.

Primary competitors to Clear Peak include independent developers and operators of solar and other renewable power plants in the United States. New international entrants are showing interest in the U.S. market, but few have established significant presence. Established public competitors are often highly diversified with partial focus on renewable energy. Emerging public and private company entrants are often undercapitalized and unable to rapidly develop capacity and generate revenues from their resources.

Ability to scale rapidly is a key success factor in the burgeoning solar PV industry. Clear Peak is taking aggressive approach developing capacity to produce 250 MW-dc over the next 4 years expanding to 1,000 MW thereafter. The Company feels it can compete successfully with industry competitors due to its expertise in the energy industry and access to capital in the financial community.

Current growing opportunities in the solar sector have spurred significant recent investment in or acquisition of a number leading players in the sector. Most public solar IPPs are yet to be profitable, yet garner high valuations of \$2-2.5/W of installed capacity.

## Public Conventional and Renewable Energy Companies:

- **NRG Energy (NYSE:NRG)** – NRG Energy, Inc., together with its subsidiaries, operates as a wholesale power generation company. The company engages in the ownership, development, construction, and operation of natural gas, oil, coal, nuclear and renewable power generation facilities. It also engages in transacting in and trade of fuel and transportation services, as well as trade of energy, capacity, and related products. NRG has ownership interest in 44 power generating facilities primarily in the U.S. but also in Australia and Germany corresponding to 24,000 MW of power.
- **Calpine Corporation (NYSE: CPN)** – Calpine is a major U.S. power company that recently emerged from a Chapter 11 bankruptcy. The company owns, leases and operates low-carbon, natural gas-fired and geothermal power plants generating total power of 25,000 MW. Calpine owns the largest geothermal plant, The Geysers in California where their 15 plants produce an average output of 725 MW.
- **Ormat Technologies (NYSE: ORA)** – Ormat Technologies is a vertically integrated company whose primary business is to develop, build, own and operate geothermal power and recovered energy generation (REG) power plants using in-house designed and manufactured equipment. The company develops and sells Ormat Energy Converters (turbo generators). Ormat owns and operates 520 MW in generating capacity in the U.S. Asia, South America and Africa with over a 10% share of the installed worldwide geothermal capacity. Ormat has supplied equipment for 1300 MW of geothermal and REG power plants.
- **Portland General Electric (NYSE:POR)** – Portland General Electric engages in the generation, purchase, transmission, distribution, and retail sale of electricity. PGE's generating portfolio consists of coal, natural gas, thermal, hydro, and wind resources. The company also sells electricity and natural gas in the wholesale market to utilities, brokers, and power and fuel marketers in the western United States. PGE had a historic peak load of over 4,000 MW in 1998.
- **Raser Technologies (NYSE: RZ)** – Raser Technologies is a geothermal power development and technology licensing company focused on improving the efficiency of rotating electromagnetic and heat transfer applications within the transportation industry. Raser currently has nine projects in development with a combined nameplate capacity of 150 MW, but no output.
- **Nacel Energy Corp (NASDAQ: NCEN)** – Nacel Energy was one of the first publicly-traded companies in America exclusively developing utility class wind power generation facilities. Nacel develops 10-30 MW projects and currently has five projects underway in the Texas Panhandle, one project in northern Arizona, and new projects in feasibility in Kansas and



Illinois. They also work internationally and are developing a three-phase wind project in the Dominican Republic. The total planned generating capacity of Nacel Energy's domestic and international wind power projects is 1,000 MW.

- **Green Star Alternative Energy (OTCBB: GSAE.PK)** – Green Star Alternative Energy is working to develop more than 300 MW of wind energy. They are pursuing an opportunity to develop wind facilities in the Republic of Serbia and other neighboring European countries. Through a joint venture with the wind farm and power trading company Notos, Green Star will become Serbia's first developer of wind power. GSAE is focused on green technology and sustainable energy programs like wind turbines, hydro electric power generation, and other renewable electricity models.
- **Nevada Geothermal (OCTBB: NGLPF)** Nevada Geothermal is based in Vancouver, British Columbia, Canada and is currently developing geothermal energy projects in Nevada and Oregon. NGP holds 100% leasehold interest in three projects in Nevada (Blue Mountain, Pumpnickel, and Black Warrior) and one in Oregon (Crump Geyser.) The Blue Mountain project is currently operating and the other three projects are in development. Together, the four geothermal energy projects have a production potential of up to 200 MW.
- **Sierra Geothermal (TSX-V: SRA)** – Sierra Geothermal Power Corp. (SGP) is a Vancouver-based renewable energy company focused on the exploration and development of geothermal power. With a substantial land position in Nevada and California, SGP holds geothermal rights or options to 17 properties totaling more than 365 sq. km (90,000 acres). The combined generation potential for these properties is estimated to be greater than 500 MW. The company currently has zero operating production facilities, four projects in the development stage in Nevada, and 13 properties in California and Nevada to be developed at a later date.
- **U.S. Geothermal (NYSE: HTM)** U.S. Geothermal is a renewable energy development company with operating geothermal power plants at Raft River, Idaho and San Emidio, Nevada. An additional drilling program is underway at the Neal Hot Springs project after the successful recent completion of a second full scale production well there. The development of Neal Hot Springs is expected to result in U.S. Geothermal's third operating geothermal power plant. The company's total capacity among the three projects will be nearly 30MW.

## Private Renewable Energy Companies:

- **SunEdison** – SunEdison is an IPP that develops, finances, operates and monitors solar plants in North America and Europe. Launched with Goldman Sachs as a primary investor, the company currently manages more than 82.5 MW of photovoltaic solar power plants in North America and has developed 6.2 MW of photovoltaic solar power plants in Europe. The company was acquired by MEMC (NYSE:WFR) in June 2009 for \$200 million.
- **Fotowatio** – Fotowatio is a solar IPP backed and Spain's largest and most successful solar power project developers. The company is backed by GE Energy Financial Services who invested US \$235 million (€150 million) in equity and convertible debt to acquire 32 percent of the Company in July 2008. Fotowatio has more than 130 MW of solar power capacity and 1000 MW in development worldwide. The company plans to invest \$3.2 billion in solar projects in Spain, Italy and the U.S. by 2012.
- **Fotowatio Renewable Ventures – FRV** is Fotowatio's business arm in the USA. The Company is an IPP that develops, finances, owns and operates solar power plants around the globe for utilities, government agencies and large corporations. Formerly MMA Renewable Ventures, FRV was acquired by Fotowatio SL in March 2009 for \$19.7 million. The company was operating 40 MW worth of solar power projects in the U.S. at the end of 2008 of which Fotowatio purchased projects representing 35 MW. Over 400 MW of capacity is in development in the U.S. FRV plans to invest upwards of \$500 million to back solar projects over the next two years.
- **enXco** – enXco develops, constructs, operates and manages renewable energy projects throughout the United States. The company focuses on large-scale wind projects. In addition, enXco's portfolio includes solar photovoltaics, solar thermal and biomass technologies. enXco is a significant owner and developer of wind-energy installations in the United States, and is the leading third-party operations & maintenance provider for wind farms in North America.
- **Recurrent** – Recurrent is an IPP that develops and owns locally-sited solar power systems, selling clean electricity to customers worldwide via a Power Purchase Agreement (PPA) or Feed-in Tariffs. The company has over 500 MW of distributed-scale projects in development across North America and Europe, 350 MW of which were purchased from UTC Solar. Recurrent is owned by Hudson Clean Energy Partners who provided \$75 million in equity capital in July 2008.
- **Element Power** – Element Power is a renewable energy IPP that develops, acquires, builds and operates utility-scale solar and wind power projects. Element Power is pursuing projects in the European, North American, and South American energy markets and currently has wind and solar projects in operation throughout Europe and a development pipeline of over 4,000 MW in Europe and Latin America. Element Power is owned by Hudson Clean Energy Partners.
- **PPL Renewable Energy** – PPL Renewable Energy is an IPP that develops, owns, operates and maintains renewable energy projects in the northeastern United States. The company will invest at least \$100 million in additional renewable energy projects in the next five years. The Company is owned by PPL Corporation (NYSE:PPL).
- **Epuron** – Epuron is a German IPP that develops, finances and operates large-scale renewable energy projects including wind, bioenergy and concentrating solar power in Europe, Asia and Australia. The company is beginning to enter

the U.S. market.

- Terra-Gen Power – Terra-Gen Power is a renewable energy IPP focused on geothermal, wind and solar generation. Through the purchase of Caithness Energy and other geothermal assets, the company currently has five plants online with a combined average net output of 337 MW per year of geothermal energy.

## OUR TEAM

Clear Peak has assembled an executive team many of whom have participated in successful energy ventures. The following table sets forth information regarding the executive officers and directors of the Company as well as other key members of the Company's management.

### **Kirby Cochran, President & Chief Executive Officer and Chairman, age 56**

Kirby Cochran is an educator, speaker and thought leader in the field of management and finance. He has been teaching new venture financing and entrepreneurship to graduate students for over a decade. Mr. Cochran currently serves as an adjunct professor in the Finance department of the David Eccles School of Business at the University of Utah. He is a prolific writer and has published many articles on the principles behind raising capital successfully for both new ventures and growth firms with established operations.

Mr. Cochran enjoyed significant success as an executive in the energy sector while serving as president of Headwaters Incorporated (NYSE: HW), then known as Covol Technologies, Inc. Among his most significant accomplishments at the company, Mr. Cochran directed the acquisition and expansion of U.S. IRC Section 29 tax credits to the benefit of the company by making arrangements for nineteen U.S. Senators to appeal to the Treasury Department for a Private Letter Ruling regarding Section 29 tax credits. He subsequently worked with a professional lobbying firm to extend the "Placed In Service" portion of Section 29 by one year, which allowed the company to raise \$300 million dollars and build 28 operating plants in 18 months. As a result of Mr. Cochran's efforts, tens of millions of dollars in Section 29 energy tax credits were created. During his tenure at Covol, the company's stock rose from \$4 to \$69.

In addition to his energy sector experience, Mr. Cochran has remained heavily involved in growth company financing and management trends over the past twenty-five years and is a leading expert on capital structure and shareholder value. A veteran of the venture capital industry and a pioneer of emerging approaches to raising capital, Mr. Cochran has raised over \$1 billion in equity and debt financing across various industry sectors. He has developed a proprietary model for advising companies on growth strategies and accretive financing. Mr. Cochran closely consulted and/or participated in the funding of over 100 companies over the length of his career and has extensive experience investing in and developing emerging growth companies. He is currently a member of the board of directors and CEO of Castle Arch Real Estate Investment Company, L.L.C., a real estate development and finance company.

### **Lisa Mandell, Chief Operating Officer, age 56**

Lisa Mandell is a seasoned executive with over 30 years of experience in high tech sales, marketing, & strategic development. Most recently, she has served as Vice President of MESA Research Group, which focuses on global growth strategies and leadership development. MESA has worked with more than half of the Fortune 100 in the area of leadership development.

Prior to joining MESA, she was Vice President at Broadcast International, where she managed the relationship between Broadcast International and IBM executives. She was also a Vice President at Electronic Data Systems (EDS) where she ran a \$2B division responsible for creating and executing global business plans for vertical application solutions in the Healthcare, Consumer Industry & Retail, Transportation, Finance, Energy, and Manufacturing sectors.

Earlier in her career she was Vice President of Marketing and Business Development for Lucent Technologies' Netcare Messaging Division, where she managed global marketing and business strategy for the company's \$200 million messaging outsourcing business.

She also served as Vice President of Strategy for Xerox's high-end Printing Systems Division, and spent 15 years at IBM in various roles that included marketing, sales, and services.

Lisa holds a Bachelor of Science from Florida International University in Physics and Computer Science, and a Master of Science in Physics from Washington University.

### **Phil Polich, Chief Financial Officer, age 61**

Mr. Polich began his career as a CPA with Ernst and Young working primarily in the Health Care, Financial, and Real Estate sectors. During his tenor at Ernst and Young, Mr. Polich was also an adjunct college instructor teaching multiple Accounting courses.

Mr. Polich left public accounting to begin a career in Homebuilding and Real Estate Finance. During his tenure at Dietz Crane Homes, then owned by the McKesson Corporation (NYSE), Mr. Polich started as the Controller, proceeded to General Manager of the Phoenix metro, then President, Chairman of the Board, and owner of the company. He took the company public in 1987, private in 1991, restructured it several times, and ultimately sold it to DR Horton in 2001. Phil stayed on with

Horton until the end of 2004 as Division President. During his 30 years as an officer or principal in homebuilding, his companies built, sold, and closed an estimated 30,000 homes and developed over 50,000 lots in several states, including Arizona, California and Texas.

In conjunction with his homebuilding career he became involved in the financing of home mortgages through the use of Securitized Mortgages (CMOs). Phil was a founding director of American Southwest Financial, formed by a number of homebuilders to provide mortgage financing for the buyers of their homes. The company was an innovator in the beginning of the securitization industry. This industry has provided trillions of dollars in financing for homebuilders and home buyers. American Southwest issued an estimated \$7,000,000,000.00 (seven billion) in mortgage backed securities during Phil's tenor on the board.

As of the formation of Clear Peak Energy, Mr. Polich remains involved in residential and commercial real estate ventures. He is a principal and director of Sun American Development and the Philip J. Polich Companies.

#### **Eric E. Anderson, PhD, Chief Technical Officer, age 47**

Dr. Anderson has spent his career building and consulting with growth companies. He has over 15 years of experience advising companies—from emerging growth phase firms to the Fortune 1000—on shaping enterprise strategies, program management, strategic finance, marketing, product development, and operational strategies. Dr. Anderson has co-developed a program for Strategic Portfolio Management, on which he gives seminars and consulting engagements for global enterprises. He has published articles on strategic portfolio management and the telecommunications industry for PMI and the CFCA.

Dr. Andersen has previously served as Vice President of Technology for Interack Communications, President of DataGuard Communications, and Senior Consultant for Red Rock Capital. Mr. Anderson's career also included work as Principle Engineer for Science and Applied Technology and at Hughes Aircraft Company, both defense contractors, in the engineering of various weapons and sensor systems.

Mr. Anderson received his PhD in Electrical Engineering from the University of Southern California in 1993 with specializations in communications, detection theory, and mathematics.

#### **Bill Davidson, PhD, Director, age 58**

Dr. Davidson served as a tenured Professor at the Marshall School of Business, University of Southern California, from 1985 to 1998. He was acknowledged as the most widely cited academic in international business management during the 1985-1995 decade by the Journal of International Business Studies. His book 2020 Vision (with Stan Davis) was selected as the Best Business Book of the year by Fortune Magazine in 1992. He currently finishing his latest book, "Great China". In 1984, Dr. Davidson founded MESA Inc., a management consulting firm acquired by Deloitte & Touche in 1996. MESA's clients included more than half of the U.S. Fortune 100, and numerous global corporations. From 1996-1998, as a national partner at Deloitte, he had leadership responsibilities for its telecom and media consulting practice which grew by more than tenfold.

Dr. Davidson has served as a partner in 3 venture capital funds and has been a lead participant in a number of telecom and tech start ups. He has served on six public company boards and a number of private boards. He is the former non-executive Chairman of AquaHydrate, a high-tech water company, and Castle Arch Real Estate Investment Company which is involved in the land development and distressed real estate sectors.

Bill continues to be active in the arena of global executive development providing services to a number of leading firms, including ExxonMobil, Suez, Schneider, UTi Worldwide, Mahindra and Mahindra, Ingersoll-Rand and others. He earned an MBA and PhD in business administration from Harvard University.

#### **Jason Elrod, Director, age 29**

Mr. Elrod brings over a decade of commercial and residential real estate sales and development experience primarily in the southwestern US and Idaho.

Mr. Elrod most recently served as partner with Insight Land and Investments in Phoenix, Arizona after years as a top producer in the company. Mr. Elrod is responsible for the acquisition and development of over 10,000 acres. He has worked diligently to help construct comprehensive development plans and ordinances in both Arizona and Idaho. In response to market conditions, Mr. Elrod recently developed innovative investment strategies for the purchasing and disposition of Notes and Deeds of Trust from lending institutions across the U.S. Leveraging private equity, these strategies are successfully providing borrowers with the flexibility to establish and implement various exit strategies that were previously not possible under the rigidity of traditional lending guidelines.

#### **Jeff Austin, Director, age 53**

Mr. Austin has decades of experience in real estate, sales, marketing and business infrastructure. His industry experience ranges from real estate to high-tech hardware and software services corporations. He has successfully established and grown companies to high levels of performance with his strong ability to attract strategic partners and build relationships between and within businesses internationally.

He is president and board member of Castle Arch Real Estate Investment Company, L.L.C. Formerly the President of FIS Inc., Mr. Austin led its development and marketing of Enterprise Facility and Portfolio Real Estate Management software products internationally to Fortune 100 companies. Under his guidance, FIS developed application software to manage some of the world's largest real estate properties for Sprint, Cisco, Verizon, Intel and others.

Mr. Austin has also served as Vice President of Channels for Qwest Communications, as well as Vice President of Sales for both Corio Inc. and PeopleSoft. Mr. Austin led Castle Arch's sales teams through the initial capitalization of the company. He continues to guide and shape the international team in delivering highly appealing structured secured investment offerings. He holds a B.S. in Business Marketing from the University of Colorado.

## OPERATIONS

Clear Peak intends to develop solar PV power plants primarily in the western U.S. which have the highest levels of solar radiation, focusing on areas where state and municipal incentives are the most attractive. Once a property is secured, the Company, along with solar consulting and services companies, will design the power plan, secure long term PPA agreements with utilities, acquire permits and develop, operate and maintain the solar plants.

### Plant Design and Development Strategy

Clear Peak will work with solar power consultants and engineers to develop a modular plan for our solar plants using certified, commercially available components. Construction will be performed by certified construction companies. The modular design will be replicated in different locations with appropriate modifications for plant size and site location. The Company has broad expertise in entitlements, site development and planning, and will work with local agencies to obtain the necessary zoning variances and permits.

A 200 kW-dc plant can be designed built with installed costs of \$5.8/W-dc and requires approximately 4 months to completion. Larger projects have more efficient installation process and can achieve rates of 0.5 MW per day for installation of the solar array. Including site preparation, array construction and site clean-up, a 170 MW-dc project it can take up to 16 months for construction. Installed costs for larger projects will also benefit from economies of scale and achieve lower installed system costs of approximately \$4/W-dc.

Component and overall system costs are expected to steadily decline over the next few years. PV module costs are decreasing almost 20% annually. According to the Solar Energies Industry Association, prices have fallen to \$1.85-\$2.25 per watt from \$3.50-\$4.00 per watt in mid-2008, a drop of over 40 percent. With module prices accounting for up to half of the installed cost of a PV system, these prices are beginning to put downward pressure on system prices.

### Operations and Maintenance

Solar PV power plants are very low-maintenance and can be monitored remotely except for occasional onsite panel cleaning. As the solar PV arrays produce electricity passively with no moving parts, maintenance requirements will be very minimal. Project maintenance performed on the site will consist of equipment inspection, cleaning of solar panels and replacement. The Company anticipates normal onsite staffing will be limited to security personnel at the larger sites as needed.

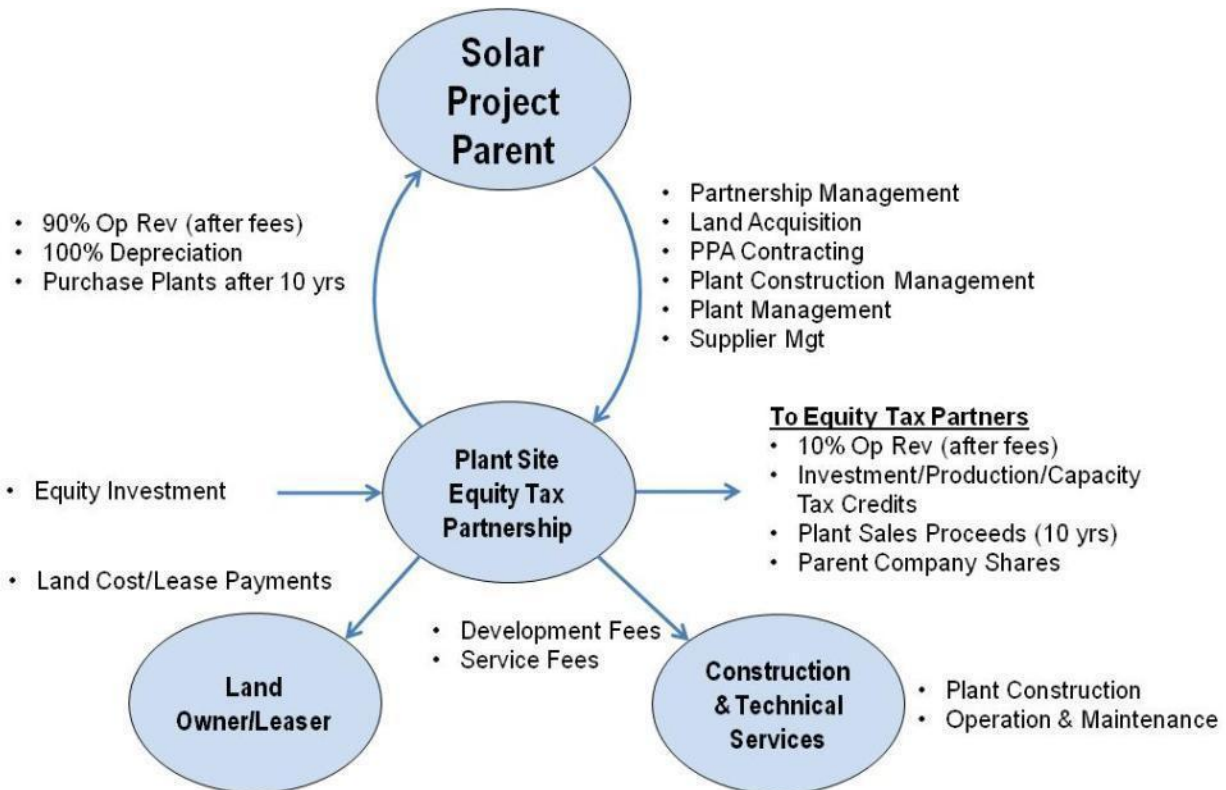
## FINANCIAL

### Tax Equity Partnerships

In order to take advantage of the Federal, State and local tax incentives available to solar power plants, the Company will form Equity Tax Partnerships (ETPs) around each power plant with the Company serving as the managing partner. Clear Peak will raise capital for plant development through the ETPs, and tax credits, sales of renewable energy certificates and a share of operating profits from the partnership will be shared among the partners on a pro rata basis providing attractive yields for investors. The Company plans to purchase the assets of the ETPs for nominal value after 10 years.

With this structure, Clear Peak can immediately monetize the tax credits through investors in the ETPs who can immediately make use of the tax credits. These tax credits can be as high as 30-70% of a project's total installed costs depending on the plant location, reaching approximately \$1.3/MW-dc (considering the Federal Tax Credit alone) of installed power over the life of the power plant (10 years).

The diagram on the following page shows the typical relationship between Clear Peak and an ETP summarizing the responsibilities of each party and compensation to the Company and to Equity Tax Partners.



## Revenue Sources

The Company will receive revenues primarily from its 90% share of the operating revenue from ETP power sales over the first 10 years and 100% thereafter following purchase of power plant assets from the ETPs. These revenues commence as soon as the plant begins receiving revenues from energy sales.

Clear Peak plans to develop 167 plants of equivalent 1.5 MW-dc capacity each over a 4-year projected period with total capacity of 250 MW-dc and estimated energy sales of 7.9 million MWh-ac of electricity over a 20-year period. Total energy sales revenue over the first 10 years from all plants in the Company's business plan is expected to be approximately \$452 million through 2019 and \$1.1 billion over 20 years. The Company will target receiving 90% of ETP total revenues after deducting operating expenses. Over the first 10 years from the start of production for a single 1.5 MW project, Clear Peak is targeting to receive \$3.3 million in cash distributions from ETPs from energy and REC sales or an average of \$334,000 annually. After purchasing the assets of the ETPs in year 10, the Company is targeting to generate \$2.6 million in energy and REC sales per 1.5 MW project or an average of \$286,000 annually. Over the first 13 years from the start of production for all projects, Clear Peak is targeting to receive \$558 million in cash distributions from ETPs from energy and REC sales or an average of \$43 million annually. After purchasing assets of the ETPs, the Company is targeting to generate an additional \$430 million in energy and REC sales through 2029. Total revenues over 20 years is targeted to reach \$988 million from all sources or an average of \$49.4 million annually.

## Tax Benefits

Clear Peak is allocated 100% of the depreciation for each ETP. Solar plants are eligible for treatment under the Modified Accelerated Cost Recovery System (MACRS) under which plants can be depreciated on an accelerated basis over 5 years. The Company's depreciation benefit is estimated to be \$6.0 million for each 1.5 MW plant over 5 years. Over a 20 year period, including depreciation realized following purchasing of the plants from the ETPs in year 10, the Company is targeting to receive a total of \$6.18 million per 1.5 MW plant. For all plants the company is targeting to realize approximately \$1.03 billion in depreciation benefits and a total of \$1.04 billion over 20 years including depreciation from purchased plants. ETPs are expected to earn Tax Credits of approximately \$1.8 million for each 1.5 MW plant and a total of \$300 million for all plants.



## Expenses

Operations and Maintenance (O&M) expenses for the solar PV power plants is intended to be paid by the ETPs from energy sales revenues at an estimated rate of 0.25% of total capital costs per year or \$10,000 per MW per year. O&M expenses for a single 1.5 MW plant are anticipated to be approximately \$15,000 per year. The Company expects to incur fees for inverter replacement in year 15 of each plant of approximately \$700/kW or \$1.05 million per 1.5 MW plant.

The Company anticipates incurring expenses related to sales of PPAs, management of power plant construction and ongoing management and operational expenses for running, managing and maintaining plants within the ETPs. The Company intends to outsource technical services from solar PV consultants and certified service providers throughout the development and operational phases of each plant.

## Financing

As discussed above, each 1.5 MW plant is anticipated to require an initial investment of approximately \$6.9 million for plant construction and working capital and is targeted to be raised through equity investment in ETP set up for each project. The actual equity raised for each plant will depend on the particular plant size which is anticipated to vary from 1 to 20 MW-dc. Clear Peak plans to raise equity through ETPs to fund the initial financing of projects plus working capital. The Company plans to raise additional equity capital to cover subsequent projects. Total capital needs for the development of all projects in the Company's business plan is anticipated to be \$1.15 billion including working capital. Equity financing is expected to carry a transaction cost of 10%.

The Company's business case relies entirely on equity financing with no debt. As described above, the Federal government offers low interest, guaranteed loans for renewable energy. These and other sources may be considered as the business case warrants.

## Subsidiary Clear Peak Oil & Gas, L.L.C.

Clear Peak Oil & Gas, L.L.C. was organized in the state of Utah as a limited liability company on June 2, 2010. It is a wholly owned subsidiary of Clear Peak Energy, Inc. Clear Peak Oil & Gas, L.L.C. was formed to attempt to acquire and manage oil and gas assets.

Clear Peak Oil & Gas, L.L.C. does not presently own any assets and may be unable to purchase or acquire any assets in which it targets. In the event that it is unable or unwilling to acquire any target asset, it will remain without any assets and effectively insolvent.

## Government Regulation

We are subject to a variety of foreign, federal, state and local governmental laws and regulations related to the purchase, storage, use and disposal of hazardous materials. If we fail to comply with present or future environmental laws and regulations, we could be subject to fines, suspension of production or a cessation of operations. In addition, under some foreign, federal, state and local statutes and regulations, a governmental agency may seek recovery and response costs from operators of property where releases of hazardous substances have occurred or are ongoing, even if the operator was not responsible for the release or otherwise was not at fault.

We believe that we will apply for and receive all environmental permits necessary to conduct our business. We are not aware of any pending or threatened environmental investigation, proceeding or action by foreign, federal, state or local agencies, or third parties involving our current facilities. Any failure by us to control the use of or to restrict adequately the discharge of, hazardous substances could subject us to substantial financial liabilities, operational interruptions and adverse publicity, any of which could materially and adversely affect our business, results of operations and financial condition.

## Properties

The Company occupies space owned by Moss Spa, L.L.C., an entity substantially owned by our chief financial officer and director Phil Polich pursuant to which the Company utilizes approximately 1,000 square feet of office and administrative space, as well as use of, among other things, internet, postage, copy machines, electricity, furniture, fixtures etc. There was no written agreement; it is a verbal agreement between the two companies. Currently, the space is provided without charge. In the future, we expect to enter into a sublease with Moss Spa, L.L.C. where we intend to lease space in the same building at market rates.

## Our Corporate History

The Company was organized under the laws of the State of Nevada on February 18, 1999 under the name On Line Productions Services, Inc. ("ONPS" or the "Company"), for the purpose of completing a reorganization and change of domicile of Earth Industries, Inc. a corporation formed under the laws of the State of Texas on August 26, 1996. The results of the Plan of Reorganization were Earth Industries

merging with and into ONPS thereby affecting a move from Texas to Nevada and a change to its corporate name.

#### Change of Control Event #1-February 1999

On March 4, 1999 in connection with the reorganization, the first historic change of control of the Company occurred, the then officers and directors of Earth Industries resigned. Mr. Aerock Fox and Terry Roycroft were appointed directors of the Company.

#### Change of Control Event #2-August 2007

On August 27, 2007, the second historic change of control of the Company occurred. On that date, the then directors and officers of the Company Aerock Fox and Susan Fox (Mr. Roycroft having previously resigned) appointed David Hunt to fill a vacancy on the board of directors and to serve as CEO. Aerock Fox and Susan Fox subsequently resigned as both directors and officers leaving Mr. Hunt as the sole officer and director of the Company. In addition, Mr. Hunt purchased 568,801 shares of the Company's common stock in a private transaction. The purchased shares constituted over 50% of the Company's outstanding stock at that time.

#### Change of Control Event #3-January 2010

On January 3, 2010, the third historic change of control of the Company occurred. On that date, the then director and officer of the Company David Hunt appointed Kirby Cochran to fill a vacancy on the board of directors and to serve as CEO. David Hunt subsequently resigned as both sole director and sole officer leaving Mr. Cochran as the sole officer and director of the Company. In addition, in connection with development of the Company's new business, several million shares of the Company's common stock were issued diluting Mr. Hunt out of majority stockholder control.

## INSURANCE

Clear Peak does not presently maintain (i) commercial general liability insurance for the company or its assets, (ii) directors and officers liability coverage or (iii) worker's compensation coverage in and for its workers.

## FINANCIAL INFORMATION

### Management's Discussion and Analysis of Financial Condition or Plan of Operation.

#### Plan of Operation

The following discussion and analysis of financial condition and results of operations relates to the operations and financial condition reported in the financial statements of Clear Peak Energy, Inc. for the fiscal year ended December 31, 2009 and for the nine month period ended September 30, 2010, and should be read in conjunction with such financial statements and related notes included in this report.

## Nine months Ended September 30, 2010

#### Revenues

We have not had revenues from operating activities for the nine months ended September 30, 2010 which is comparable to the same period in 2009. Our previous business ceased any revenues many years ago. As our Clear Peak business is a development stage company that has not commercialized its technologies yet, Clear Peak has not had revenues and, we do not expect to have revenues from Clear Peak's operations for some time.

#### Operating Expenses

Our business had total operating expenses of \$375,985 associated with for the nine months ended September 30, 2010 as compared with total operating expenses of \$5,416 for the nine months ended September 30, 2009. Management attributes the increase in operating expense to the general increase in business operations and in particular costs in connection with our name change with the State of Nevada, change of our ticker symbol to CLPE with FINRA, certain travel costs of our CEO and others and a press release.

Costs related to our subsidiary Clear Peak Oil & Gas, L.L.C. related business had total operating expenses of \$1,000 related to development activities and \$0 as compared to the same period in 2009. We expect operating expenses to continue as we invest further in development activities.

#### Net Profits (Loss) From Operations

For the nine months ended September 30, 2010, we had a net loss of \$375,985 from operations as compared to a net loss of \$5,416 from operations for the period ended September 30, 2009. Management attributes the increase in net loss to general development of the Clear Peak related business. We anticipate continued losses relating to investment into development activities relating to our Clear Peak business, and to our capital raising activities.

#### Liquidity and Capital Resources

Our cash on hand at September 30, 2010 was \$5,754 as compared to \$0 on hand September 30, 2009. Our expectations are based on certain assumptions concerning the anticipated costs associated with any new projects. These assumptions concern future events and circumstances that our officers believe to be significant to our operations and upon which our working capital requirements will depend. Some assumptions will invariably not materialize and some unanticipated events and circumstances occurring subsequent to the date of this annual report. We will continue to seek to fund our capital requirements over the next 12 months from the additional sale of our securities; however, it is possible that we will be unable to obtain sufficient additional capital through the sale of our securities as needed.

The amount and timing of our future capital requirements will depend upon many factors, including the level of funding received by us anticipated private placements of our common stock and the level of funding obtained through other financing sources, and the timing of such funding.

We intend to retain any future earnings to retire any existing debt, finance the expansion of our business and any necessary capital expenditures, and for general corporate purposes.

The Company estimates that it will cost approximately \$2,000,000 in deficit cash flows until sustained potential profitability, and that substantial additional costs will be incurred in order to commercialize its Clear Peak business.

#### Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, and results of operations, liquidity or capital expenditures.

#### Contractual Obligations

The Company occupies space owned by Moss Spa, L.L.C., an entity substantially owned by our chief financial officer and director Phil Polich pursuant to which the Company utilizes approximately 1,000 square feet of office and administrative space, as well as use of, among other things, internet, postage, copy machines, electricity, furniture, fixtures etc. There was no written agreement; it is a verbal agreement between the two companies. Currently, the space is provided without charge. In the future, we expect to enter into a sublease with Moss Spa, L.L.C. where we intend to lease space in the same building at market rates.

#### Recent Accounting Pronouncements

As of November 26, 2010, we are not aware of any additional pronouncements that materially affect our financial position or results of operations.

## Critical Accounting Policies and Estimates

#### Accounting Method

The Company's policy is to use the accrual method of accounting to prepare and present financial statements, which conform to generally accepted accounting principles ("GAAP"). The company has elected a December 31, year-end.

#### Revenues

Service revenue was recognized on a straight-line basis, over the contractual term of the arrangement. Revenues related to contracts paid with restricted stock were booked at fair market value. Revenue on services described above is recognized when the four revenue recognition requirements of SAB 104 have been met. The company's revenue Recognition policy is consistent with the requirements of Statement of Position (SOP) 97-2, Software Revenue Recognition and Staff Accounting Bulletin 104 (SAB 104). In general, the company records revenue when it is realized, or realizable and earned. The company considers revenue to be realized or realizable and earned when the following revenue recognition requirements are met: persuasive evidence of an arrangement exists, which is a customer contract; the products or services have been provided to the customer; the sales price is fixed or determinable within the contract; and collectability is probable. Recognition of revenues that do not meet the four criteria mentioned above is deferred to future periods.

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## Summary

Our ability to continue as a going concern depends in large part on our ability to raise substantial funds for use in our planned development activities, and upon the success of our fundraising activities.

We intend to obtain the funds for our planned development activities by various methods, which might include the issuance of equity or debt securities or obtaining joint venture partners. No assurance can be given that we will be able to obtain any additional financing on favorable terms, if at all.

Raising additional funds by issuing common or preferred stock will further dilute our existing stockholders.

See additional Risk Factors on page 3.

## INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

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A variety of conflicts of interest exist, and may continue to exist, from time to time, primarily as a result of our principal owners maintaining control of the Company, and our continued sublease and operating agreements with a principal shareholder and director, Phil Polich. Kirby D. Cochran, our CEO, is the largest single holder of our common stock which gives him near voting control over the company.

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Mr. Cochran and Davidson have partnered in a variety of business activities for more than 10 years. Mr. Davidson and Ms. Mandell are domestic partners. Mr. Davidson and Mr. Anderson are cousins. Mr. Hunt, our prior principal stockholder and board member, has engaged in a variety of business dealings with Messrs. Davidson and Cochran for more than 10 years.

In addition, we may enter into contracts, agreements or arrangements, from time to time, with such persons, other members of our Board and/or significant shareholders. The Board endeavors to require that all interested party transactions be approved by a majority of the disinterested directors. In addition, the Board, in good faith, negotiates or intends to negotiate transactions with affiliates at terms that are no less favorable to the Company than would otherwise be available from bonafide third party sources.

As a result of high level of control by Messrs. Cochran, Davidson and Polich, and their ability to appoint board members and officers, and, as a result of the outstanding common stock that they control, such persons have, will continue to have and shall be able to exert, substantial control over Clear Peak's day to day operations, contracts, and long term prospects.

Dr. Anderson, our chief technical officer, is the cousin of Dr. William Davidson. We remain extremely dependent on Dr. Anderson, and without his continued support we would likely have extreme difficulty keeping Clear Peak operational and thus financially solvent.

Our executive officers or directors may pursue acquisitions of assets and businesses in connection with their existing businesses or a new line of business without first offering such opportunities to us. In addition, our executive officers or directors are involved in a variety of business and professional activities outside of managing our operations.

## LEGAL PROCEEDINGS

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We are currently not involved in any legal proceedings. However, we received a letter dated September 30, 2010 from Clear Peak Power, Inc. which indicated that by using the name Clear Peak Energy, we are infringing on Clear Peak Power, Inc.'s registered trademark "Clear Peak Power". Clear Peak Power, Inc. is a solar power company.

We have unilaterally agreed to refrain from using the name "Clear Peak" in connection with our solar business. We currently use the name Volpek Energy in the solar space.

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## RECENT SALES OF UNREGISTERED STOCK

In connection with our continued reorganizational efforts, we issued an aggregate of 6,875,000 shares of the Company's common stock to approximately 18 and consultants. This stock was issued for nominal cash consideration averaging \$0.01 cent per share and consulting services.

In addition, in the second quarter of 2010, a stockholder exercised warrants issued in 2007 to purchase 675,000 shares of our common stock. The warrants were non-dilutive and had an exercise price of \$0.05 cents per share. The warrants also had a cashless exercise provision. Per the terms of the warrant agreement, all or any portion of the exercise price was payable by surrendering warrants. The warrant surrender was deemed a waiver of the Holder's obligation to pay all or any portion of the aggregate cash exercise price. This cashless exercise price was determined by the holder exchanging a portion of its warrant for that number of shares of our common stock determined by multiplying the number of warrant shares for which the Holder desired to exercise the warrant by a fraction, the numerator of which was the difference between the then current market price per share of the Common Stock and the warrant share price, and the denominator of which shall be the then current market price per share of common stock. As a result, 212,000 warrant shares were exchanged as consideration for 675,000 shares of our common stock.

We believe that no issuance of securities involved any public offering and were otherwise exempt transactions pursuant to Section 4(2) of the Securities Act of 1933. Our basis for this is the fact that the securities were offered and sold to a limited number of accredited investors, in a limited number of offers, with a limited number of shares offered. In the case of our non-accredited consultants and employees, our management believes that each of the service providers were sophisticated and able to fend for themselves and obtain the information they needed to make the decision to accept stock in lieu of cash. This is based on the fact that the service providers had access to our officers and operations and were in a position that enabled them to command

access to information that would otherwise be contained in a registration statement. An appropriate legend was placed on the common stock issued to each shareholder.

Through November 26, 2010 the company has sold 50,000 shares at \$2.00 per share for a total of proceeds, \$100,000. We believe the transactions to be exempt under Section 4(2) of the Securities Act of 1933, as amended, because they did not involve a public offering. We believe that this sale of securities did not involve a public offering.

## DESCRIPTION OF SECURITIES

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### SHARES OUTSTANDING

#### Capital structure as of November 26, 2010

##### Common Stock

<b>CUSIP #:</b>	<b>184677 102</b>
<b>Authorized:</b>	<b>100,000,000</b>
<b>Issued and Outstanding:</b>	<b>7,911,216</b>
<b>Public Float**:</b>	<b>786,216</b>
<b>Shareholders of record:</b>	<b>179</b>

##### Preferred Stock

<b>Authorized:</b>	<b>14,000,000</b>
<b>Issued and Outstanding:</b>	<b>--</b>

\*\* Public Float describes (i) all of CLPE common stock shares which are in the street name, Cede & Co.; (ii) CLPE common stock shares which do not have a restrictive legend and can be deposited into a brokerage account and sold once cleared by DTCC; or, (iii) shares believed by the Company to be subject to exemptions from registration as of November 26, 2010. As with any public company, shares in the public float can be sold in market transactions which could cause the market price of our common stock to decrease significantly.

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### GENERAL

The Company is currently authorized to issue one hundred twenty million (120,000,000) shares, consisting of (a) one hundred million (100,000,000) shares of class A common stock, par value \$0.001 per share and six million (6,000,000) shares of class B common stock, par value \$0.001 (together the "Common Stock") and (b) fourteen million (14,000,000) shares of preferred stock, par value \$0.001 per share (the "Preferred Stock").

### COMMON STOCK

As of November 26, 2010, 7,911,216 shares of Common Stock are outstanding and held of record by 179 holders.

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Holders of common stock are entitled to one vote per share on each matter submitted to a vote at any meeting of stockholders. Shares of common stock do not carry cumulative voting rights and, therefore, holders of a majority of the outstanding shares of common stock will be able to elect the entire board of directors, and, if they do so, minority stockholders would not be able to elect any members to the board of directors. Our board of directors has authority, without action by the stockholders, to issue all or any portion of the authorized but unissued shares of common stock, which would reduce the percentage ownership of the stockholders and which may dilute the book value of the common stock.



Stockholders have no pre-emptive rights to acquire additional shares of common stock. The common stock is not subject to redemption and carries no subscription or conversion rights. In the event of liquidation, the shares of common stock are entitled to share equally in corporate assets after satisfaction of all liabilities. The shares of common stock, when issued, will be fully paid and non-assessable.

Holders of common stock are entitled to receive dividends as the board of directors may from time to time declare out of funds legally available for the payment of dividends. We have not paid dividends on common stock and do not anticipate that we will pay dividends in the foreseeable future.

There are no conversion, preemptive, or other subscription rights or privileges with respect to any shares. Our stock does not have cumulative voting rights which means that the holders of more than fifty percent (50%) of the shares voting in an election of directors may elect all of the directors if they choose to do so. In such event, the holders of the remaining shares aggregating less than fifty percent (50%) would not be able to elect any directors.

### LOCK-UP AGREEMENTS

A significant number of our issued shares are subject to lock-up agreements where the holders of those shares are restricted from reselling shares of the common stock for two years or more from the time that the restrictive legend is cleared pursuant to registration or an exemption to registration as approved by the company (the "Resale Restriction Period").

From the time that the restrictive legend is cleared pursuant to registration or an exemption to registration as approved by the company, each stockholder shall be allowed to sell no more than 1/24 per month of the stockholder's original common share holdings. Each stockholder agrees that all sales will be made at no less than the best "asked" prices, and no sales will be made at the "bid" prices for the Common Stock. In addition, pursuant to the Lock-up Agreement, the Common Stock may not be sold at a price below \$6.00 per share, which may be waived by Clear Peak. Finally, in general and with limited or no exceptions, all Common Stock purchased herein shall be sold in "broker's transactions" and each stockholder purchasing shares herein will comply with the "manner of sale" requirements as those terms are defined in Rule 144 of the Securities and Exchange Commission during the Resale Restriction Period.

### PREFERRED STOCK

We are authorized to issue up to 14,000,000 shares of Preferred Stock, with such rights, privileges and preferences as determined by our Board. Currently, all 14,000,000 shares of Preferred Stock are available for issuance.

#### Future Preferred Stock Designations.

The authorized but unissued shares of preferred stock may be divided into and issued in designated series from time to time by one or more resolutions adopted by the Board of Directors. The Directors in their sole discretion shall have the power to determine the relative powers, preferences, and rights of each series of preferred stock. In the event we designate shares of preferred stock, we intend that such shares will be entitled to preference over the common stock with respect to the distribution of our assets in the event of

our liquidation, dissolution, or winding-up, whether voluntarily or involuntarily, or in the event of any other distribution of our assets of among our shareholders for the purpose of winding-up our affairs.

We may consider it desirable to have one or more classes of preferred stock to provide us with greater flexibility in the future in the event that we elect to undertake an additional financing and in meeting corporate needs that may arise. If opportunities arise that would make it desirable to issue preferred stock through either public offerings or private placements, the provision for these classes of stock in our certificate of incorporation would avoid the possible delay and expense of a stockholders' meeting, except as may be required by law or regulatory authorities. Issuance of the preferred stock would result, however, in a series of securities outstanding that may have certain preferences with respect to dividends, liquidation, redemption, and other matters over the common stock which would result in dilution of the income per share and net book value of the common stock. Issuance of additional common stock pursuant to any conversion right that may be attached to the preferred stock may also result in the dilution of the net income per share and net book value of the common stock. The specific terms of any series of preferred stock will depend primarily on market conditions, terms of a proposed acquisition or financing, and other factors existing at the time of issuance. As a result, it is not possible at this time to determine the respects in which a particular series of preferred stock will be superior to our common stock. The board of directors does not have any specific plan for the issuance of preferred stock at the present time and does not intend to issue any such stock on terms which it deems are not in our best interest or the best interests of our stockholders.

### NUMBER OF SHAREHOLDERS

As of November 26, 2010, there were 7,911,216 shares of our common stock outstanding; no shares of our Preferred Stock outstanding. There are 179 holders of record of our common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of security brokers, dealers, and registered clearing agencies.

### DIVIDEND POLICY

We have never declared or paid dividends on our common stock. We intend to retain earnings, if any, to support the development of our business and therefore do not anticipate paying cash dividends for the foreseeable future. Payment of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including current financial condition, operating results and current and anticipated cash needs.

### SUBSCRIPTION AGREEMENT

Purchase of the shares of common stock shall be made pursuant to the execution of a subscription agreement reasonably acceptable to us and the purchasers, which shall contain, among other things, appropriate representations and warranties by the subscribers and covenants reflecting the provisions set forth herein.

### TRANSFER AGENT

Colonial Stock Transfer, located at 66 Exchange Place, Salt Lake City, UT 84111, is our transfer agent and registrar.

Colonial Stock Transfer is Exchange Act registered with the SEC.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS None.

## MARKET PRICE OF COMMON EQUITY

Our common stock is quoted on the pink sheets ("Pink Sheets"), under the trading symbol "CLPE". Our common stock has been quoted on the pink sheets since March 4, 1999. There has been minimal trading in our common stock and accordingly the market for our common stock is not indicative of a liquid trading market. The closing price of our common stock as quoted on the Pink Sheets on November 26, 2010, the date of the last sale of our stock on the Pink Sheets, was \$5.00.

The price range per share of common stock presented below represents the highest and lowest intra-day prices for the Company's common stock as quoted on the Pink Sheets. Such over-the-counter market quotations may reflect inter-dealer prices, without markup, markdown or commissions and may not necessarily represent actual transactions.

**Clear Peak Energy, Inc. presently has limited operations and assets and has no revenues. As further described herein, there is presently no liquid public market for our common stock and any stock price quote for CLPE is likely arbitrary and not necessarily a reflection of the current actual value of Clear Peak Energy. Multiplying any number of CLPE common stock shares by a quoted stock price does not necessarily reflect actual value of those CPLE common stock shares.**

YEAR ENDED December 31, 2010	HIGH SALES PRICE OR HIGHEST QUOTED PRICE	LOW SALES PRICE OR LOWEST QUOTED PRICE
4th Quarter (CLPE) (through November 26, 2010)**	\$5.00	\$5.00
3rd Quarter (CLPE) **	\$5.00	\$5.00
2nd Quarter (CLPE)	\$5.00	\$5.00
1st Quarter (CLPE)	\$0.20	\$0.20
YEAR ENDED December 31, 2009	HIGH SALES PRICE	LOW SALES PRICE
4th Quarter (WVNX-pre 1 for 10 reverse split)	\$0.10	\$0.03
3rd Quarter (WVNX-pre 1 for 10 reverse split)	\$0.03	\$0.03
2nd Quarter (WVNX-pre 1 for 10 reverse split)	\$0.06	\$0.03
1st Quarter (WVNX-pre 1 for 10 reverse split)	\$0.20	\$0.07

\* There were no sales or purchases of our securities in the public markets in the 3<sup>rd</sup> Quarter or through November 26, 2010 of the 4<sup>th</sup> Quarter of 2010. As such, \$5.00 per share represents the last sale. The \$5.00 share price is in no way reflective of the value of CLPE's common stock, but rather reflective of a total lack of sales volume and therefore, liquidity, for the stock in the past months and years.

## INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our bylaws, as amended, provide that any of our executive officers or directors shall be indemnified to the fullest extent permitted by law and as provided therein. Our bylaws provide that we will indemnify any executive officers and directors from any liability incurred by it in connection with any proceeding by a third party if the executive officer or director conducted him or herself in good faith, reasonably believed that his or her conduct was in or at least not opposed to our best interest, and, in the case of a criminal proceeding, had no reasonable cause to believe our conduct

was unlawful. Such indemnity as to actions by us applies against all liability of the proceeding and is subject to the same good conduct standards of third party claims but is not applicable to liability resulting from the gross negligence or misconduct of such parties unless the court determines that the party is fairly and reasonably entitled to indemnification. We also have the power to indemnify other parties acting in various capacities.

Under Sections 78.7502 and 78.751 of the Nevada Revised Statutes, we may indemnify any of our officers or directors in any action other than actions by or in the right of our company, whether civil, criminal, administrative or investigative, if such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of our company, and, with respect to any criminal action or proceedings if such director or officer has no reasonable cause to believe his conduct was unlawful. Under Sections 78.7502 and 78.751, we may indemnify any of our officers or directors in any action by or in the right of our company against expenses actually and reasonably incurred by him in the defense or settlement of such action if such officer or director acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest, except where such director or officer shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to us, unless, on application, the Court of Chancery or the court in which such action or suit was brought shall determine that, despite the adjudication of liability, such person in view of all the circumstances is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Section 78.751(3) provides for mandatory indemnification of officers or directors who have been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections (1) and (2). Section 78.7502 authorizes indemnification in specific cases if approved by our board of directors or stockholders upon a finding that the officer or director in question has met the requisite statutory standards of conduct. Section 78.752 empowers us to purchase insurance coverage for any director, officer, employee or agent against any liability incurred by him in his capacity as such, whether or not we would have the power to indemnify him under the provisions of the Nevada Revised Statutes. The foregoing is only a summary of the described

Sections of the Nevada Revised Statutes and is qualified in its entirety by reference to such sections.

#### DISCLOSURE OF COMMISSION POSITION OF INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our directors and officers are indemnified by our bylaws against amounts actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they are a party by reason of being or having been directors or officers of the Company or of our subsidiary. Our articles of incorporation provide that none of our directors or officers shall be personally liable for damages for breach of any fiduciary duty as a director or officer involving any act or omission of any such director or officer. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to such directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities, other than the payment by the Company or its subsidiary of expenses incurred or paid by such director, officer or controlling person in the successful defense of any action, suit or proceeding, is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

On November 26, 2010 there were 7,911,216 shares of our common stock outstanding; and no shares of our Series A Preferred Stock outstanding. The following table sets forth the number of shares of common stock of the Company, beneficially owned as of the foregoing date, by (ii) each person who, as of such date, was known by us to own beneficially more than ten percent (10%) of our issued and outstanding common stock; (iii) each of the named Executive Officers; (iv) the individual Directors; and (v) the Officers and Directors as a group. In general, a person is deemed to be a

“beneficial owner” of a security if that person has or shares the power to vote or direct the voting of such security, or the power to dispose or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which the person has the right to acquire beneficial ownership within 60 days. To the best of our knowledge, subject to community and marital property laws, all persons named have sole voting and investment power with respect to such shares, except as otherwise noted.

NAME AND ADDRESS OF OFFICER/DIRECTOR	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENTAGE OF VOTING SECURITIES
Kirby D. Cochran <sup>(1)</sup> <sup>(8)</sup>	2,200,000	28.3%
Lisa D. Mandell <sup>(2)</sup>	250,000	3.2%
MESA, Inc. <sup>(3)</sup> <sup>(8)</sup>	250,000	3.2%
Eric Anderson <sup>(4)</sup>	500,000	6.4%
Dealmaker Investments, LLC <sup>(5)</sup>	500,000	6.4%
Jeff Austin <sup>(6)</sup> <sup>(8)</sup>	450,000	5.8%
Jason Elrod <sup>(7)</sup>	350,000	4.5%
<b>Officers and Directors As A Group (7 Persons)</b> <sup>(8)</sup> <sup>(9)</sup>	<b>4,500,000</b>	<b>58.0%</b>

**(1)** The address for Mr. Cochran is 692 Cherapple Cr. Orem, Utah 84097.

**(2)** The address for Ms. Mandell is 2 Strauss Terr Rancho Mirage, CA 92270.

**(3)** MESA, Inc. is owned and controlled by Dr. William Davidson. The address for MESA is 2 Strauss Terr Rancho Mirage, CA 92270.

**(4)** The address for Dr. Anderson is 36648 Ramona Road Palmdale, CA 93550.

**(5)** Dealmaker Investments, LLC is owned and controlled by Phil Polich. The address for Dealmaker Investments, LLC is 5040 E. Shea Blvd., Suite 254-A, Scottsdale, AZ 85254.

**(6)** The address for Mr. Austin is c/o Clear Peak, 5040 E. Shea Blvd., Suite 254-A, Scottsdale, AZ 85254.

**(7)** The address for Mr. Elrod is c/o Clear Peak, 5040 E. Shea Blvd., Suite 254-A, Scottsdale, AZ 85254.

**(8)** Messrs. Cochran, Austin and Davidson are stockholders and officers and/or directors of both Castle Arch Real Estate Investment Company, L.L.C. ("Castle Arch"), a 10% holder of Clear Peak shares. As further described in the table below, in their management capacity at Castle Arch, Messrs. Cochran, Austin and Davidson have collective power to vote the shares of Clear Peak held by Castle Arch.

**(9)** The table excludes the stock of Mr. David Hunt, who resigned as an officer and director of the Corporation on January 3, 2010. On May 29, 2010 he directly or indirectly owned 731,880 shares of common stock. The address for Mr. David Hunt is PO Box 4125, Park City, Utah 84060.

NAME AND ADDRESS OF 10% HOLDER (NON-EXECUTIVE)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENTAGE OF VOTING SECURITIES
Castle Arch Real Estate Investment Company, L.L.C. <sup>(1)</sup>	1,000,000	12.9%

**(1)** Messrs. Cochran, Austin and Davidson are stockholders and officers and/or directors of both Castle Arch and Clear Peak Energy, Inc. They serve as director, CEO, and Chairman of the board, respectively, of Castle Arch. In addition, Mr. Cochran was the former CEO of Castle Arch. As described in the note to the preceding table, in their management capacity at Castle Arch, Messrs. Cochran, Austin and Davidson have power to vote the shares of Clear Peak held by Castle Arch.

## DIRECTORS AND EXECUTIVE OFFICERS

The directors and executive officers of Clear Peak Energy, Inc., as of November 26, 2010, include the following persons. Brief biographies of our directors and officers may be found in the Description of Business Section of this Disclosure statement under the heading "Our Team" on page 25.

Name	Age	Position
Kirby Cochran <sup>(1)(2)</sup>	55	President, CEO, Chairman of the Board
Lisa Mandell	56	Chief Operating Officer
Phil Polich	61	Chief Financial Officer, Director
Eric E. Anderson, PhD	47	Chief Technical Officer
Bill Davidson, PhD	58	Director
Jason Elrod	29	Director
Jeff Austin	53	Director

On January 3, 2010, David Hunt resigned as a director and officer of the Company. On that same date and pursuant to the terms of the Clear Peak Acquisition, Mr. Kirby D. Cochran was appointed as Chief Executive Officer and director of the Company.

### COMMITTEES OF THE BOARD OF DIRECTORS

None.

### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

We currently do not report to the SEC. Once we become reporting again, Section 16(a) of the Exchange Act will require that our directors, executive officers, and persons who own more than ten percent of our outstanding common stock file with the SEC initial Reports of beneficial ownership and Reports of changes to their stock ownership. Persons who are required to make these filings are also required to provide us with a copy of all Section 16(a) Reports.

### DIRECTOR INDEPENDENCE

As a result of the ownership of the Company by each of our directors that render effective voting control over the Company to them collectively, we do not have anyone who can be deemed as an independent director at this time. Our directors do not receive a salary. We have entered into a lease agreement for the sublease of office space from an entity owned by Mr. Polich. This lease was ratified by the disinterested directors at that time. The Corporation intends to not enter into transactions with directors, to the extent avoidable, and, if it is required to do so, at terms that it believes are no less favorable to the Corporation as would otherwise be available for the same services with third parties.

## EXECUTIVE COMPENSATION

The following table sets forth the compensation paid to the Chief Executive Officer and to all other executive officers earning in excess of \$100,000 for services rendered in 2009, and rendered, or to be rendered, for 2010. The information includes compensation to Mr. Hunt, who resigned effective January 3, 2010.

NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	STOCK AWARDS	OPTION AWARDS	NON-EQUITY INCENTIVE PLAN COMP.	NONQUALIFIED DEFERRED COMPENSATION EARNINGS	ALL OTHER COMP.	TOTAL
David Hunt (1)	2010	\$---	\$---	\$---	\$---	\$---	\$---	\$---	\$---
	2009	\$---	\$---	\$---	\$---	\$---	\$---	\$---	\$---
Kirby D. Cochran(2)	2010	\$70,000(3)	\$---	\$---	\$---	\$---	\$---	\$---	\$70,000(3)
	2009	\$---	\$---	\$---	\$---	\$---	\$---	\$---	\$---

(1) Mr. David Hunt was appointed to the positions of President, Chief Executive Officer, Chief Financial Officer and Secretary in August 2007. On January 3, 2010, Mr. Hunt  
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resigned from all executive positions with the Corporation. Subsequent to his resignation as an officer and director, Mr. Hunt has provided consulting services to the Company in



connection with the development of our new development stage in the solar power space, including certain corporate and legal matters related to our business, financings, contracts and disclosures.

(2) Mr. Cochran became a director of the Company on January 3, 2010.

(3) Mr. Cochran has received no compensation as of November 26, 2010 from the Company. The Company estimates that it will pay Mr. Cochran a total of \$70,000 in executive compensation by the end of 2010 and an increased amount in 2011.

#### Aggregated Option Exercise In Last Fiscal Year And Fiscal Year End Option Values

Our executive officers were not issued any options which could have been exercised during the fiscal year ended December 31, 2009.

#### Directors' Compensation

All directors receive reimbursement for reasonable out-of-pocket expenses in attending Board meetings and for promoting our business. From time to time we may engage certain members of the Board to perform services on our behalf. In such cases, we compensate the members for their services at rates no more favorable than could be obtained from unaffiliated parties.

## LIST OF OUTSIDE PROVIDERS

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#### Audit

Chisholm, Bierwolf, Nilson & Morrill, CPA,  
563 West 500 South, Suite #425  
Bountiful, Utah 84010  
Phone: (801) 292-8756

#### Legal, Contracts, Disclosure and/or Consulting

Rose Law Group  
6613 N Scottsdale Road  
Suite 200, Scottsdale, AZ 85250  
Phone: (480) 505-3936

The Hunt Law Corporation, P.C.  
66 Exchange Place  
Salt Lake City, Utah 84111  
Phone: (801) 355-7878

## PROPERTIES

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Our executive offices are located in Scottsdale, Arizona and include approximately 1,000 square feet. Currently, we employ 2 persons in the United States and expect to employ up to 10-20 additional people in the next 12 months. Current offices are adequate for our present needs. Office space will be increased as we deem necessary.

## FINANCIAL STATEMENTS

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Financial Statements for the years ended December 31, 2008 and 2009 along with comparative interim financial statements for the periods ended September 30, 2009 and 2010 are attached hereto as an Exhibit.

## **Part F Exhibits**

### Item XVIII Material Contracts

All material contracts have been described in this initial disclosure statement.

### Item XIX Articles of Incorporation and Bylaws

See attached.

### Item XX Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

### Item XXI Issuer's Certifications

See attached.

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
CLEAR PEAK ENERGY, INC.

Article I. The name of the Corporation is Clear Peak Energy, Inc.

Article II. Its principal office in the State of Nevada is 4421 Edward Avenue, Las Vegas 89108. The resident agent for services of process at that address is Incsmart.biz.

Article III. The purposes for which the corporation is organized are to engage in any activity or business not in conflict with the laws of the State of Nevada or of the United States of America. The period of existence of the corporation shall be perpetual.

Article IV. The corporation shall have authority to issue an aggregate of One Hundred Twenty Million (120,000,000) shares of par value one mil (\$.001) per share. The Board of Directors shall be vested with discretion to issue and allocate these shares among the following two classes, within the following stated limitations: Class A, Common Equity Voting Stock (hereafter to be called "Common Stock"), not to exceed 100,000,000 shares; Class B, Special Non-Equity Voting Stock ("Special Voting Stock") not to exceed 6,000,000 shares; and 14,000,000 shares of preferred stock. The corporation's capital stock may be sold from time to time for such consideration as may be fixed by the Board of Directors, provided that no consideration so fixed shall be less than par value.

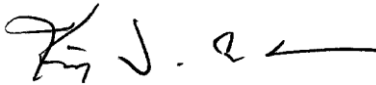
Article V. The affairs of the corporation shall be governed by a Board of Directors of not less than one (1) nor more than (9) persons. The Incorporator shall act as Sole Initial Director to serve until the next regular meeting of shareholders or until their successors are elected.

Article VI. No shareholder shall be entitled to any preemptive or preferential rights to subscribe to any unissued stock or any other securities which the corporation may now or hereafter be authorized to issue, nor shall any shareholder possess cumulative voting rights at any shareholders meeting, for the purpose of electing Directors, or otherwise.

Article VI. The Capital Stock, after the amount of the subscription price or par value, shall not be subject to assessment to pay the debts of the corporation, and no stock issued, as paid up, shall ever be assessable or assessed.

Article VII. The initial By-laws of the corporation shall be adopted by its Board of Directors. The power to alter, amend or repeal the By-laws, or adopt new By-laws, shall be vested in the Board of Directors, except as otherwise may be specifically provided in the By-laws.

Dated: January 4, 2010

  
Kirby D. Cochran

By-Laws  
OF  
Clear Peak Energy Inc.  
A NEVADA CORPORATION

Article I  
CORPORATE OFFICES

The corporation may have such other offices, either within or without the State of incorporation as the board of directors may designate or as the business of the corporation may from time to time require.

Article II  
SHAREHOLDERS' MEETINGS

Section 1. Place of Meetings

The directors may designate any place, either within or without the State unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the directors. A waiver of notice signed by all stockholders entitled to vote at a meeting may designate any place, either within or without the State unless otherwise prescribed by statute, as the place for holding such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation.

Section 2. Annual Meetings

The annual meeting of the shareholders shall be held on the second Monday of March in each year, if not a holiday, at Ten o'clock A.M., at which time the shareholders shall elect a Board of Directors and transact any other proper business. If this date falls on a holiday, then the meeting shall be held on the following business day at the same hour.

Section 3. Special Meetings

Special meetings of the shareholders may be called by the President, the Board of Directors, by the holders of at least ten percent of all the shares entitled to vote at the proposed special meeting, or such other person or persons as may be authorized in the Articles of Incorporation.

Section 4. Notices of Meetings

Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty (20) days before the date of the meeting, either personally or by mail, by the direction of the president, or secretary, or the officer or persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Section 5. Closing of Transfer Books or Fixing Record Date.

For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or stockholders entitled to receive payment of any dividend, or in order to make a determination of stockholders for any other proper purpose, the directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case twenty (20) days. If the stock transfer books be closed for the purpose of determining stockholders entitled to notice or to vote at a meeting of stockholders, such books shall be closed for at least twenty (20) days immediately preceding such meeting. In lieu of closing the stock transfer books, the directors may fix in advance a date as the record date for and such determination of stockholders, such date in any case to be not more than twenty (20) days and, in case of a meeting of stockholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

#### Section 6. Voting List.

The officer or agent having charge of the stock transfer books for the shares of the corporation shall make, at least ten (10) days before each meeting of stockholders, a complete list of stockholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the corporation and shall be subject to inspection by any stockholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the stockholders entitled to examine such list or transfer books or to vote at the meeting of stockholders.

#### Section 7. Quorum.

At any meeting of stockholders fifty-one (51) percent of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders. If less than said number of the outstanding shares are represented at a meeting, a majority of the outstanding shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally notified. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.



#### Section 8. Proxies.

At all meetings of the stockholders, a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting.

#### Section 9. Voting.

Each stockholder entitled to vote in accordance with the terms and provisions of the certificate of incorporation and these by-laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such shareholder. Upon the demand of any stockholder, the vote for directors and upon any question before the meeting shall be by ballot. All elections for directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or the laws of Nevada.

#### Section 10. Order of Business.

The order of business at all meetings of the stockholders, shall be as follows:

- a. Roll Call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of Officers.
- e. Reports of Committees.
- f. Election of Directors.
- g. Unfinished Business.
- h. New Business.

#### Section 11. Informal Action by Stockholders.

Unless otherwise provided by law, any action required to be taken, or any other action which may be taken, at a meeting of the stockholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the stockholders entitled to vote with respect to the subject matter thereof. Unless otherwise provided by law, any action required to be taken, or any other action which may be taken, at a meeting of the stockholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a Majority of all of the stockholders entitled to vote with respect to the subject matter thereof at any regular meeting called on notice, and if written notice to all shareholders is promptly given of all action so taken.

#### Section 12. Books and Records.

The Books, Accounts, and Records of the corporation, except as may be otherwise required by the laws of the State of Nevada, may be kept outside of the State of Nevada, at such place or places as the Board of Directors may from time to time appoint. The Board of Directors shall determine whether and to what extent the accounts and the books of the corporation, or any of them, other than the stock ledgers, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of this Corporation, except as conferred by law or by resolution of the stockholders or directors. In the event such right of

inspection is granted to the Stockholder(s) all fees associated with such inspection shall be the sole expense of the Stockholder(s) demanding the inspection. No book, account, or record of the Corporation may be inspected without the legal counsel and the accountants of the Corporation being present. The fees charged by legal counsel and accountants to attend such inspections shall be paid for by the Stockholder demanding the inspection.

Article III  
BOARD OF DIRECTORS

Section 1. General Powers.

The business and affairs of the corporation shall be managed by its board of directors. The directors shall in all cases act as a board, and they may adopt such rules and regulations for the conduct of their meetings and the management of the corporation, as they may deem proper, not inconsistent with these by-laws and the laws of this State.

Section 2. Number, Tenure, and Qualifications.

The number of directors of the corporation shall be a minimum of one (1) and a maximum of nine (9). Each director shall hold office until the next annual meeting of stockholders and until his successor shall have been elected and qualified.

Section 3. Regular Meetings.

A regular meeting of the directors, shall be held without other notice than this by-law immediately after, and at the same place as, the annual meeting of stockholders. The directors may provide, by resolution, the time and place for holding of additional regular meetings without other notice than such resolution.

Section 4. Special Meetings.

Special meetings of the directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the directors may fix the place for holding any special meeting of the directors called by them.

Section 5. Notice.

Notice of any special meeting shall be given at least one day previously thereto by written notice delivered personally, or by telegram or mailed to each director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. Quorum.

At any meeting of the directors fifty (50) percent shall constitute a quorum for the transaction of business, but if less than said number is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting.

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the directors.

Section 8. Newly Created Directorships and Vacancies.

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board for any reason except the removal of directors without cause may be filled by a vote of the majority of the directors then in office, although less than a quorum exists. Vacancies occurring by reason of the removal of directors without cause shall be filled by vote of the stockholders. A director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of his predecessor.

Section 9. Removal of Directors.

Any or all of the directors may be removed for cause by vote of the stockholders or by action of the board. Directors may be removed without cause only by vote of the stockholders.

Section 10. Resignation.

A director may resign at any time by giving written notice to the board, the president or the secretary of the corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

Section 11. Compensation.

No compensation shall be paid to directors, as such, for their services, but by resolution of the board a fixed sum and expenses for actual attendance at each regular or special meeting of the board may be authorized. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 12. Executive and Other Committees.

The board, by resolution, may designate from among its members an executive committee and other committees, each consisting of one (1) or more directors. Each such committee shall serve at the pleasure of the board.

Article IV  
OFFICERS

Section 1. Number.

The officers of the corporation shall be the president, a secretary and a treasurer, each of whom shall be elected by the directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the directors.

Section 2. Election and Term of Office.

The officers of the corporation to be elected by the directors shall be elected annually at the first meeting of the directors held after each annual meeting of the stockholders. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal.

Any officer or agent elected or appointed by the directors may be removed by the directors whenever in their judgement the best interest of the corporation would be served thereby, but such removal shall be without prejudice to contract rights, if any, of the person so removed.

Section 4. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the directors for the unexpired portion of the term.

Section 5. President.

The president shall be the principal executive officer of the corporation and, subject to the control of the directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the stockholders and of the directors. He may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the directors have authorized to be executed, except in cases where the directors or by these by-laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the directors from time to time.

Section 6. Chairman of the Board.

In the absence of the president or in the event of his death, inability or refusal to act, the chairman of the board of directors shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The chairman of the board of directors shall perform such other duties as from time to time may be assigned to him by the directors.

Section 7. Secretary.

The secretary shall keep the minutes of the stockholders' and of the directors' meetings in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these by-laws or as required, be custodian of the corporate records and of the seal of the corporation and keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder, have general charge of the stock transfer books of the corporation and in general perform all the duties incident to the office of secretary and such

other duties as from time to time may be assigned to him by the president or by the directors.

#### Section 8. Treasurer.

If required by the directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with these by-laws and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the directors.

#### Section 9. Salaries.

The salaries of the officers shall be fixed from time to time by the directors and no officer shall be prevented from receiving such salary by reason of fact that he is also a director of the corporation.

### Article V CONTRACTS, LOANS, CHECKS AND DEPOSITS

#### Section 1. Contracts.

The directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

#### Section 2. Loans.

No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the directors. Such authority may be general or confined to specific instances.

#### Section 3. Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the directors.

#### Section 4. Deposits.

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the directors may select.

### Article VI FISCAL YEAR

The fiscal year of the corporation shall begin on the 1st day of January in each year, or on such other day as the Board of Directors shall fix.

Article VII  
DIVIDENDS

The directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law.

Article VIII  
SEAL

The directors may provide a corporate seal which shall have inscribed thereon the name of the corporation, the state of incorporation, year of incorporation and the words, "Corporate Seal".

Article IX  
WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any stockholder or director of the corporation under the provisions of these by-laws or under the provisions of the articles of incorporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article X  
AMENDMENTS

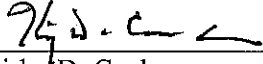
These by-laws may be altered, amended or repealed and new by-laws may be adopted in the same manner as their adoption, by the Board of Directors if so adopted; by a vote of the stockholders representing a majority of all the shares issued and outstanding, if so adopted or adopted by the Board of Directors; or, in any case, at any annual stockholders' meeting or at any special stockholders' meeting when the proposed amendment has been set out in the notice of such meeting.



I, Kirby D. Cochran, certify that:

1. I have reviewed this initial disclosure statement of Clear Peak Energy, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

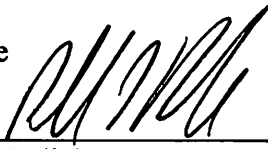
Date

  
\_\_\_\_\_  
Kirby D. Cochran  
Chief Executive Officer

I, Phil Polich, certify that:

1. I have reviewed this initial disclosure statement of Clear Peak Energy, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date

 11/23/10

Phil Polich

Chief Financial Officer

# EXHIBIT

Annual Financial Statements  
For The Years Ended December 31, 2008 and 2009  
and  
Comparative Interim Financial Statements  
For The Periods Ended September 30, 2009 and 2010

**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**

(A Development Stage Company)

Consolidated Financial Statements

For the nine months ended  
September 30, 2010 (Unaudited) and 2009 (Unaudited);  
and for the years ended  
December 31, 2009 (Unaudited) and 2008; and from  
December 31, 2004 (Inception) through  
September 30, 2010

**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**

(A Development Stage Company)

Index to Consolidated Financial Statements

For the nine months ended  
September 30, 2010 (Unaudited) and 2009 (Unaudited);  
and for the years ended  
December 31, 2009 (Unaudited) and 2008; and from  
December 31, 2004 (Inception) through  
September 30, 2010

Consolidated Balance Sheets as of September 30, 2010 (Unaudited) and 2009 (Unaudited); and as of December 31, 2009 (Unaudited) and 2008	3
Consolidated Statements of Operations for the nine months ended September 30, 2010 (Unaudited); and for the nine months ended September 30, 2009 (Unaudited); and for the years ended December 31, 2009 (Unaudited) and 2008; and for the period from December 31, 2004 (Inception) through September 30, 2010	4
Consolidated Statements of Stockholders' Equity for the period from December 31, 2004 (Inception) through September 30, 2010	5
Consolidated Statements of Cash Flows for the nine months ended September 30, 2010 (Unaudited); and for the nine months ended September 30, 2009 (Unaudited); and for the years ended December 31, 2009 (Unaudited) and 2008; and for the period from December 31, 2004 (Inception) through September 30, 2010	6
Notes to the Consolidated Financial Statements	7 – 17

**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**  
**(A Development Stage Company)**  
**Consolidated Balance Sheets**

	<b>September 30, 2010 (Unaudited)</b>	<b>September 30, 2009 (Unaudited)</b>	<b>December 31, 2009 (Unaudited)</b>	<b>December 31, 2008</b>
<b>ASSETS:</b>				
Current assets:				
Cash and equivalents	\$ 5,754	\$ -	\$ -	\$ -
Prepaid expenses	2,133	-	1,132	-
Total current assets	<u>7,887</u>	<u>-</u>	<u>1,132</u>	<u>-</u>
Total assets	7,887	-	1,132	-
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>				
Current liabilities:				
Accounts payable and accrued expenses	215,074	12,874	1,500	8,608
Accounts payable - related party	-	3,174	15,074	2,024
Total current liabilities	<u>215,074</u>	<u>16,048</u>	<u>16,574</u>	<u>10,632</u>
Commitments and contingencies				
Preferred stock, no par value, 14,000,000 shares authorized as of September 30, 2010; 6,000,000 shares authorized as of September 30, 2009 and December 31, 2009 and 2008, none issued and outstanding				
	-	-	-	-
Common stock, \$.001 par value, 120,000,000 shares authorized, 7,861,216 issued and outstanding as of September 30, 2010; 111,216 issued and outstanding as of September 30, 2009 and December 31, 2009 and 2008				
	1,393	111	111	111
Additional paid-in capital	2,640,855	2,457,897	2,457,897	2,457,897
Earnings accumulated since re-entrance into the development stage	(271,316)	104,063	104,669	109,479
Retained deficit	(2,578,119)	(2,578,119)	(2,578,119)	(2,578,119)
Total stockholders' equity (deficit)	<u>(207,187)</u>	<u>(16,048)</u>	<u>(15,442)</u>	<u>(10,632)</u>
Total liabilities and stockholders' equity	<u>\$ 7,887</u>	<u>\$ -</u>	<u>\$ 1,132</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements



**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**  
**(A Development Stage Company)**  
**Consolidated Statements of Operations**

	<b>For the Nine Months Ended September 30, 2010 (Unaudited)</b>	<b>For the Nine Months Ended September 30, 2009 (Unaudited)</b>	<b>For the Year Ended December 31, 2009 (Unaudited)</b>	<b>For the Year Ended December 31, 2008</b>	<b>From December 31, 2004 to September 30, 2010</b>
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses:					
Selling, general and administrative	150,985	5,416	4,810	9,832	175,105
Loss on cancellation of warrants	225,000	-	-	-	230,130
Net loss from continuing operations	<u>(375,985)</u>	<u>(5,416)</u>	<u>(4,810)</u>	<u>(9,832)</u>	<u>(405,235)</u>
Discontinued operations:					
Gain on disposal of discontinued operations	-	-	-	-	133,919
Gain from discontinued operations, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,919</u>
Income (loss) before income tax provision	<u>(375,985)</u>	<u>(5,416)</u>	<u>(4,810)</u>	<u>(9,832)</u>	<u>(271,316)</u>
Income tax benefit (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u><u>(375,985)</u></u>	<u><u>(5,416)</u></u>	<u><u>(4,810)</u></u>	<u><u>(9,832)</u></u>	<u><u>(271,316)</u></u>
Basic and fully diluted net income (loss) per share					
Continuing operations					
Basic	<u>(\$0.08)</u>	<u>(\$0.05)</u>	<u>(\$0.04)</u>	<u>(\$0.09)</u>	
Diluted	<u>(\$0.08)</u>	<u>(\$0.05)</u>	<u>(\$0.04)</u>	<u>(\$0.09)</u>	
Discontinued operations					
Basic	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	
Diluted	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	
Net income (loss) per share					
Basic	<u>(\$0.08)</u>	<u>(\$0.05)</u>	<u>(\$0.04)</u>	<u>(\$0.09)</u>	
Diluted	<u>(\$0.08)</u>	<u>(\$0.05)</u>	<u>(\$0.04)</u>	<u>(\$0.09)</u>	
Weighted average shares outstanding	<u>4,859,378</u>	<u>111,216</u>	<u>111,216</u>	<u>111,216</u>	

The accompanying notes are an integral part of these consolidated financial statements

**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworkx, Inc. and Subsidiaries)**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**

	For the Nine Months Ended September 30, 2010 (Unaudited)	For the Nine Months Ended September 30, 2009 (Unaudited)	For the Year Ended December 31, 2009 (Unaudited)	For the Year Ended December 31, 2008	From December 31, 2004 to September 30, 2010
Cash flows from operating activities:					
Net income (loss)	\$ (375,985)	\$ (5,416)	\$ (4,810)	\$ (9,832)	\$ (380,795)
Adjustments to reconcile net loss to net cash provided by operating activities:					
Warrant expense	-	-	-	-	-
Prepaid expenses	(1,001)	-	(1,132)	-	(2,133)
Increase (decrease) in accounts payable	213,574	4,266	(7,108)	8,608	206,466
Increase (decrease) in accounts payable - related party	(15,074)	1,150	13,050	1,224	(2,024)
Net cash used by operating activities	<u>(178,486)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(178,486)</u>
Cash flows from investing activities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	-	-	-	-	-
Cash flows from financing activities:					
Issuance of stock	184,240	-	-	-	184,240
Net cash provided by financing activities	<u>184,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,240</u>
Net increase (decrease) in cash	5,754	-	-	-	5,754
Cash at beginning of period	-	-	-	-	-
Cash at end of period	<u>\$ 5,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,754</u>
Supplemental cash-flow information					
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements

**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**  
**(A Development Stage Company)**  
**Consolidated Statement of Stockholders' Equity (Unaudited)**  
**For the Period From December 31, 2004 (Inception) through September 30, 2010**

	Common Shares	Stock Amount	Additional Paid-in Capital	Deficit Incurred From Re-entering the Development Stage	Accumulated Other Comprehensive Income	Retained Deficit	Total Stockholders' Equity
Balance at December 31, 2004 (Inception)	111,216	\$ 111	\$ 2,447,068	\$ -	\$ -	\$ (2,578,119)	\$ (130,940)
Net loss	-	-	-	(8,678)	-	-	(8,678)
Foreign currency translation adjustment	-	-	-	-	17,097	-	17,097
Balance at December 31, 2005	111,216	111	2,447,068	(8,678)	17,097	(2,578,119)	(122,521)
Net loss	-	-	-	(8,845)	-	-	(8,845)
Foreign currency translation adjustment	-	-	-	-	(40)	-	(40)
Balance at December 31, 2006	111,216	111	2,447,068	(17,523)	17,057	(2,578,119)	(131,406)
Spin-off and reorganization of Company's subsidiaries	-	-	-	-	(4,335)	-	(4,335)
Contributed Capital	-	-	5,699	-	-	-	5,699
Warrant issuances	-	-	5,130	-	-	-	5,130
Foreign currency translation adjustment	-	-	-	-	(12,722)	-	(12,722)
Net income	-	-	-	136,834	-	-	136,834
Balance at December 31, 2007	111,216	111	2,457,897	119,311	-	(2,578,119)	(800)
Net Loss	-	-	-	(9,832)	-	-	(9,832)
Balance at December 31, 2008	111,216	111	2,457,897	109,479	-	(2,578,119)	(10,632)
Net Loss	-	-	-	(4,810)	-	-	(4,810)
Balance at December 31, 2009	111,216	111	2,457,897	104,669	-	(2,578,119)	(15,442)
Net Loss	-	-	-	(375,985)	-	-	(375,985)
Issuance of shares	7,750,000	1,282	182,958	-	-	-	184,240
Balance at September 30, 2010	7,861,216	\$ 1,393	\$ 2,640,855	\$ (271,316)	\$ -	\$ (2,578,119)	\$ (207,187)

The accompanying notes are an integral part  
of these consolidated financial statements

**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

## **1. ORGANIZATION**

The Company was incorporated under the laws of the State of Nevada on February 18, 1999 under the name On Line Productions Services, Inc. ("ONPS"), for the purpose of completing a reorganization and change of domicile (the "Reorganization") of Earth Industries, Inc. a corporation formed under the laws of the State of Texas on August 26, 1996 ("Earth Industries"). The Reorganization was accomplished pursuant to a Plan of Reorganization and Acquisition dated February 19, 1999 (the "Plan of Reorganization") by and among Earth Industries, On-Line Film Services Inc. a corporation formed under the laws of British Columbia Canada ("OnLine"), and Intrepid International, S.A., the principal beneficial shareholder of Earth Industries. The Company changed its name to Wavenetworx, Inc. on July 29, 2004. In December 2004, the Company ceased all of its prior operations and re-entered the development stage.

In January, 2010 (see Note 9), the Company amended its Articles of Incorporation in the State of Nevada and changed its name to Clear Peak Energy, Inc. In conjunction with the amended Articles of Incorporation, the Company began planning for the future development of solar electric power facilities incorporating photo-voltaic ("PV") technology. In the event that it is successful in developing solar electric power facilities, the Company intends to sell its power to utilities as an independent power producer through long term power purchase agreements.

### **DEVELOPMENT STAGE COMPANY**

The Company is considered to be in the development stage as defined in ASC 915 "*Accounting and Reporting by Development Stage Enterprises*". The Company's efforts have been devoted primarily to raising capital, borrowing funds and attempting to enter into a reverse acquisition with an operating entity.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **USE OF ESTIMATES**

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's periodic filings with the Securities and Exchange Commission include, where applicable, disclosures of estimates, assumptions, uncertainties and markets that could affect the financial statements and future operations of the Company.

**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in banks, money market funds, and certificates of term deposits with maturities of less than three months from inception, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of loss in value. The Company had \$5,754 and \$0 of cash and cash equivalents as of September 30, 2010 and September 30, 2009, respectively. The Company also had \$0 of cash and cash equivalents as of December 31, 2009 and 2008.

**NET INCOME OR (LOSS) PER SHARE OF COMMON STOCK**

The Company has adopted ASC 260, “*Earnings per Share*” (“EPS”) which requires presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. In the accompanying financial statements, basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period.

In September, 2007, the Company entered into a warrant agreement (the “Agreement”) with an affiliated entity (see Note 5), wherein the affiliated entity had an option as per the terms of the Agreement to purchase from the Company 1,000,000 fully paid, validly issued and nonassessable shares of Class A common stock in the Company at an exercise price of \$.05 per share. The 1,000,000 warrants issued were eliminated in the fully diluted earnings per share calculation for the nine month period ending September 30, 2009, and for the twelve month period ended December 31, 2009 and 2008, due to the anti-dilution effect. As explained in Note 5, the warrants were also excluded from this calculation for the nine month period ended September 30, 2010.

**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NET INCOME OR (LOSS) PER SHARE OF COMMON STOCK (CONTINUED)**

The following sets forth the details impacting basic and diluted earnings per share:

	<b>For the Nine Months Ended September 30, 2010 (Unaudited)</b>	<b>For the Nine Months Ended September 30, 2009 (Unaudited)</b>
	<b>For the Year Ended December 31, 2009 (Unaudited)</b>	<b>For the Year Ended December 31, 2008 (Unaudited)</b>
Net loss from continuing operations available to common shareholders	\$ (375,985)	\$ (5,416)
Weighted average shares outstanding	4,859,378	111,216
Basic earnings per share	(0.08)	(0.05)
Diluted earnings per share	(0.08)	(0.05)
Net loss from discontinued operations available to common shareholders	-	-
Weighted average shares outstanding	4,859,378	111,216
Basic earnings per share	-	-
Diluted earnings per share	-	-
Net loss available to common shareholders	\$ (375,985)	\$ (5,416)
Weighted average shares outstanding	4,859,378	111,216
Basic earnings per share	(0.08)	(0.05)
Diluted earnings per share	(0.08)	(0.05)
Net loss from continuing operations available to common shareholders	\$ (4,810)	\$ (9,832)
Weighted average shares outstanding	111,216	111,216
Basic earnings per share	(0.04)	(0.09)
Diluted earnings per share	(0.04)	(0.09)
Net loss from discontinued operations available to common shareholders	-	-
Weighted average shares outstanding	111,216	111,216
Basic earnings per share	-	-
Diluted earnings per share	-	-
Net loss available to common shareholders	\$ (4,810)	\$ (9,832)
Weighted average shares outstanding	111,216	111,216
Basic earnings per share	(0.04)	(0.09)
Diluted earnings per share	(0.04)	(0.09)



**Clear Peak Energy, Inc. and Subsidiaries**  
**(Formerly Wavenetworx, Inc. and Subsidiaries)**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CONCENTRATIONS OF CREDIT RISK**

The Company's financial instruments that are exposed to concentrations of credit risk primarily consist of its current related party payables and those related party payables it will likely incur in the near future. The Company anticipates placing its cash and cash equivalents with financial institutions of high credit worthiness. At times, its cash and cash equivalents with a particular financial institution may exceed any applicable government insurance limits. The Company's management plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

**FOREIGN CURRENCY TRANSLATIONS**

The Company's functional and reporting currency is the US dollar. All transactions initiated in other currencies are translated into US dollars using the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the US dollar at the rate of exchange in effect at the balance sheet date. Unrealized exchange gains and losses arising from such transactions are deferred until realization and are included as a separate component of stockholders' equity (deficit) as a component of other comprehensive income or loss. Upon realization, the amount deferred is recognized in income in the period when it is realized.

**FINANCIAL INSTRUMENTS**

In determining fair value, the Company uses various valuation approaches within the ASC 820-10 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820-10 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 - Unobservable inputs based on the Company's assumptions.

**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FINANCIAL INSTRUMENTS (CONTINUED)**

ASC 820-10 requires the use of observable market data if such data is available without undue cost and effort. The Company's adoption of ASC 820-10 did not result in any changes to the accounting for its financial assets and liabilities. The recorded amounts of financial instruments, including cash equivalents, accounts payable and accrued expenses, and long-term debt approximate their market values as of September 30, 2010 and 2009, and December 31, 2009 and 2008.

**RECENT ACCOUNTING PRONOUNCEMENTS**

In September 2009, the FASB established the Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact our financial statements. The ASC does change the way the guidance is organized and presented.

Statement of Financial Accounting Standards ("SFAS") No. 165 (ASC Topic 855), "Subsequent Events," SFAS No. 166 (ASC Topic 810), "Accounting for Transfers of Financial Assets-an Amendment of FASB Statement No. 140," SFAS No. 167 (ASC Topic 810), "Amendments to FASB Interpretation No. 46(R)," and SFAS No. 168 (ASC Topic 105), "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles- a replacement of FASB Statement No. 162" were recently issued. SFAS No. 165, 166, 167, and 168 have no current applicability to the Company or their effect on the financial statements would not have been significant.

Accounting Standards Update ("ASU") ASU No. 2009-05 (ASC Topic 820), which amends Fair Value Measurements and Disclosures – Overall, ASU No. 2009-13 (ASC Topic 605), Multiple Deliverable Revenue Arrangements, ASU No. 2009-14 (ASC Topic 985), Certain Revenue Arrangements that include Software Elements, and various other ASU's No. 2009-2 through ASU No. 2010-08 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**3. CHANGE IN CONTROL**

In September 2007, the Company's CEO entered into an agreement to sell 568,401 of the Company's common stock and his controlling interest to an unrelated individual. In connection with this change in control the Company's sole officer serving as president and CEO and secretary resigned. Additionally, two individuals resigned as directors of the Company. The individual gaining controlling interest was appointed to fill these vacancies.

Concurrent with the above mentioned events the Company's CEO settled certain liabilities at discounted amounts. Specifically, \$9,277 of accounts payable was settled for cash payment, totaling \$5,287. Accordingly, the difference between the original amounts due and the settled amounts has been recorded as a realized gain on forgiven debt and is included in discontinued operations for the year ended December 31, 2007.

On January 3, 2010, David Hunt, the Company's president and sole director, appointed Kirby D. Cochran to fill a vacancy on the board of directors. After the appointment of Mr. Cochran, Mr. Hunt resigned from the Company as both an officer and director.

On January 26, 2010, the Company amended its articles of incorporation in the State of Nevada to change its name to Clear Peak Energy, Inc. The amendments also increased the Company's authorized preferred stock to 14,000,000 shares from 6,000. The Company's authorized common stock was not changed. On March 15, 2010, the Company effectuated a 1 for 10 reverse split of its common stock. In connection with the reverse stock split and name change, the Company's ticker symbol changed to CLPE.

**4. DISCONTINUED OPERATIONS**

The change in control of the company set forth in Note 3 above resulted in the Company's wholly owned subsidiaries Wavenetworx, Inc., a British Columbia company and Online Film Services, Inc., (along with that subsidiary's two wholly-owned subsidiaries, On-Line Distributing, Inc. (British Columbia) and Prairie On-Line Management Services, Inc., (Alberta) being spun off in exchange for \$1,000, and left Wavenetworx, Inc. as the remaining shell company. All assets are associated with the discontinued operations as well as all of the liabilities except for \$9,277 which was associated with Wavenetworx (see Note 3).

**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**5. STOCKHOLDERS' EQUITY**

**AUTHORIZED STOCK**

In January, 2010, the Company amended its Articles of Incorporation (see Note 9) and, as a result, increased its authorized preferred shares from 6,000,000 to 14,000,000. Its Class A common shares were not changed. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the shareholder of the Company is sought.

In addition, in March, 2010, the Company approved a 1 for 10 reverse split of the Company's Class A common stock (see Note 9). As a result, effective March 15, 2010, each issued and outstanding share of the Company's common stock, totaling 1,112,162, was automatically converted to 111,216. Par value of the Company's Class A common stock remained at \$.001 per share. The stock split has been retroactively applied to all periods presented and all share issuances described in the consolidated financial statements and footnotes are assumed to be post – split unless otherwise indicated.

**SHARE ISSUANCES**

As of September 30, 2009, and December 31, 2009 and 2008, the Company has issued 111,216, Class A common shares at \$.001 per share, or \$111. At September 30, 2010, the Company has issued 7,861,216 shares, or \$1,393. Excess additional proceeds realized in exchange for the common shares total \$2,457,897 as of September 30, 2009, December 31, 2009 and 2008, and \$2,640,855 as of September 30, 2010. This amount has been recorded in additional paid in capital at the end of each respective period. There are no preferred shares outstanding.

In September, 2007, the Company entered into a warrant agreement, and subsequent extension (the "Agreement") with an affiliated entity, in which the Company's former President and Director has 100 percent ownership (see Note 7). Pursuant to the terms of the Agreement, the affiliated entity had an option to purchase from the Company 1,000,000 fully paid, validly issued and nonassessable shares of Class A common stock in the Company at an exercise price of \$.05 per share. The affiliated entity could have exercised its rights as per the Agreement prior to December 31, 2011. The warrants as per the Agreement were not deemed to confer any voting rights on the affiliated entity. Though the warrants were in effect at December 31, 2009, they were subsequently cancelled by an action of the Company's Board of Directors and a \$225,000 loss on cancellation of warrants was included in the Consolidated Statement of Operations for the nine month period ended September 30, 2010. During the twelve month period ended December 31, 2007, the Company recorded \$5,130 in consulting expenses to account for the value of the warrants issued based on the Black Sholes Asset Pricing Model.

**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**5. STOCKHOLDERS' EQUITY (CONTINUED)**

**SHARE ISSUANCES (CONTINUED)**

Assumptions used when valuing the warrants included the following for the nine months ended September 30, 2010 and 2009, and for the years ended December 31, 2009 and 2008:

Share price	\$	0.05
Exercise price		0.05
Expected life (yrs)		2.25
Annualized volatility (%)		1.00%
Annual rate of quarterly dividends (%)		0.00%
Discount rate (%)		4.87%
Number of warrants		1,000,000

A summary of the Company's outstanding common stock warrants as of September 30, 2010, September 30, 2009, December 31, 2009 and 2008 is presented below:

	<b>No. of Warrants</b>	<b>Weighted Average Exercise Price</b>
Warrants outstanding, December 31, 2007	1,000,000	\$0.05
Warrants granted	-	-
Warrants exercised	-	-
Warrants canceled	-	-
Warrants outstanding and exercisable, December 31, 2008	1,000,000	\$0.05
Warrants granted	-	-
Warrants exercised	-	-
Warrants canceled	-	-
Warrants outstanding and exercisable, September 30, 2009	1,000,000	\$0.05
Warrants granted	-	-
Warrants exercised	-	-
Warrants canceled	-	-
Warrants outstanding and exercisable, December 31, 2009	1,000,000	\$0.05
Warrants granted	-	-
Warrants exercised	-	-
Warrants canceled	1,000,000	\$0.05
Warrants outstanding and exercisable, September 30, 2010	-	-

**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**5. STOCKHOLDERS' EQUITY (CONTINUED)**

**SHARE ISSUANCES (CONTINUED)**

The following table summarizes the changes in warrants outstanding:

	Warrants Outstanding			Warrants Exercisable	
	Exercise Price	No. of Shares Outstanding	Weighted Average Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price
Balance, December 31, 2008	\$ 0.05	1,000,000	3.25	1,000,000	\$ 0.05
Balance, September 30, 2009	0.05	1,000,000	2.50	1,000,000	0.05
Balance, December 31, 2009	0.05	1,000,000	2.25	1,000,000	0.05
Balance, September 30, 2010	\$ -	-	-	-	\$ -

**6. PROVISION FOR INCOME TAXES**

The Company accounts for income taxes according to the provisions of ASC 740-10. Recognition of deferred tax assets and liabilities reflect the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities. ASC 740-10 requires a company to determine whether it is more likely than not that the tax position will be sustained, will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. As a result of the implementation of ASC 740-10, the Company performed a review of its material tax positions in accordance with recognition and measurement standards.

The components of income tax expense are as follows as of September 30, 2010, September 30, 2009, December 31, 2009 and 2008:

	September 30, 2010 (Unaudited)	September 30, 2009 (Unaudited)	December 31, 2009 (Unaudited)	December 31, 2008
Federal taxes	\$ -	\$ -	\$ -	\$ -
State taxes	-	-	-	-
Benefit of utilization of operating loss carryforward	(375,985)	(5,416)	(4,810)	(9,832)
Taxes	-	-	-	-
Change in valuation allowance	375,985	5,416	4,810	9,832
Income tax expense	\$ -	\$ -	\$ -	\$ -



**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**6. PROVISION FOR INCOME TAXES (CONTINUED)**

As of September 30, 2010 and 2009, and December 31, 2009 and 2008, the Company had net operating loss (“NOL”) carryforwards of \$396,557, \$25,988, \$20,572 and \$15,762, respectively. These NOL carryforwards begin to expire in the year 2027.

Deferred tax assets and the valuation accounts are as follows:

	<b>September 30, 2010</b> (Unaudited)	<b>September 30, 2009</b> (Unaudited)	<b>December 31, 2009</b> (Unaudited)	<b>December 31, 2008</b>
NOL Carryforward	\$(396,557)	\$ (25,988)	\$ (20,572)	\$ (15,762)
Valuation allowance	396,557	25,988	20,572	15,762
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**7. RELATED PARTY TRANSACTIONS**

The Company’s principal shareholder funded certain operating expenses, totaling \$13,050 and \$1,224 for the years ended December 31, 2009 and 2008, respectively. Accordingly, these amounts have been recorded in accounts payable, related party as of December 31, 2009 and 2008.

Furthermore, during the twelve month period ended December 31, 2007, and concurrent with the Company’s change in control, the Company’s CEO settled certain vendor debts in exchange for cash payment totaling \$5,699. This amount has been recorded in contributed capital as of December 31, 2007.

During the twelve month period ended December 31, 2007, the Company entered into an warrant agreement (the “Agreement”) with an affiliated entity in which the Company’s former President and Director retains 100 percent ownership. Pursuant to the terms of the Agreement, the Company granted the affiliated entity an option to purchase from the Company 1,000,000 fully paid, validly issued and nonassessable shares of Class A common stock in the Company at an exercise price of \$.05 per share. The warrants have been cancelled and a \$225,000 loss on cancellation of warrants has been included in the Consolidated Statement of Operations for the period ended September 30, 2010 (see Note 5).

**Clear Peak Energy, Inc. and Subsidiaries**  
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**Notes to the Consolidated Financial Statements (Unaudited)**

**8. GOING CONCERN AND LIQUIDITY CONSIDERATIONS**

The Company's financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. During the nine months ended September 30, 2010 and 2009, and the years ended December 31, 2009 and 2008, respectively, no revenue was generated from operations. During these same periods, the Company incurred \$375,985, \$5,416, \$4,810, and \$9,832 respectively, in operating expenses, recorded in selling, general and administrative expenses. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company's ability to meet its ongoing financial requirements is dependent on management being able to obtain additional equity and/or debt financing, the realization of which is not assured. In addition, the Company is dependent on management being willing to continue to serve without monetary remunerations.

**9. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events from the balance sheet date through November 8, 2010 and has determined that there are no such events that would have a material impact on the financial statements.