



Partnering with Natsource to Maximize your Carbon Value

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Methane to Markets,

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Natsource at a Glance

Natsource Offices

- **Europe**
 - London
- **Asia**
 - Tokyo
- **North America**
 - Calgary
 - New York
 - Ottawa
 - Washington, D.C
- **South America**
 - La Paz

Corporate Focus

- Emissions Markets
- Renewable Energy Markets

Three Business Units

- Asset Management Services
- Transactional Services
- Advisory & Research Services

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Natsource Asset Management

- Between GG CAP and Managed Funds, NAM manages well over half a billion US\$ capital.
- World's Largest Private Sector carbon asset manager.
- Investors from Canada, Japan, Europe and the USA
- Works in conjunction with other international carbon funds to create seamless transactions for "mega" CDM projects.
- Ability to support upfront PDD funding and feasibility work.
- Specializes in Flexible Structures including;
 - Pre-payment for CERs
 - Contracts with guaranteed minimum pricing
 - Upside market price profit sharing

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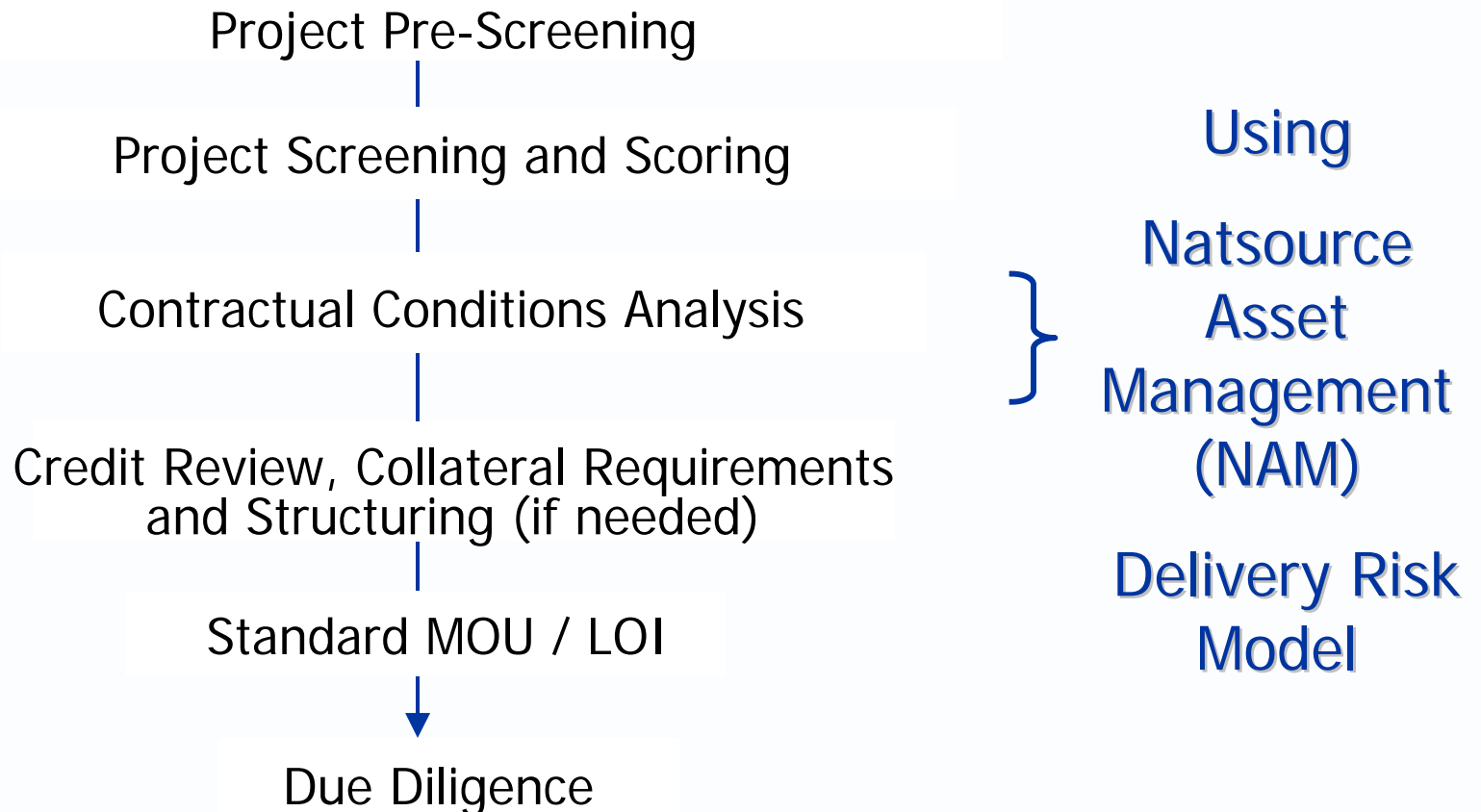


Recent CH₄ Transaction: Fuxin CMM to Energy (China)

- Collecting, flaring and generating power from coal mine methane gas
- Contracted in October 2005
- Project to be commissioned 2nd quarter 2006
- Support from Asian Development Bank
- 900,000 CERS per year beginning 2006
- Methodology pending UN Executive Board approval
- Liaoning Province



Project Risk Assessment



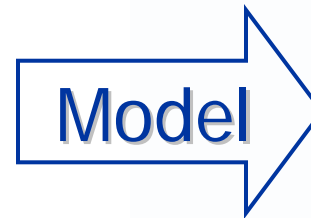
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Key Screening Factors

Example of Key Risk Factors:

- Host country's investment climate
- Host country's CDM institutional readiness
- Credit rating of project participants
- Project's financing stage
- Project's stage in CDM cycle
- Project's stage of development
- Technology used
- Stakeholders' acceptance
- Clear ownership title



Project's
Delivery
Shortfall
+
Rating

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Buyer's Information Checklist

- ☑ Type of project and location
- ☑ Expected emission reductions per year;
- ☑ Source of project data (3rd party expert?)
- ☑ Baseline methodology used (approved or a new methodology?)
- ☑ If new methodology they will need description and EB status
- ☑ Seller information (credit rating, financials, track record)
- ☑ Evidence of rights to negotiate for the sale of the CERs
- ☑ Project Timeline (installation, first CERs expected)
- ☑ Crediting Period (7 or 10 years)
- ☑ Timeline of project and credit creation (construction and first CER delivery)
- ☑ Status of Host Country DNA approval process
- ☑ Financing status and structure
- ☑ Other sales of CERs from project (percentages, initial rights)
- ☑ Available security from the project, project developer, counterparty
- ☑ Project Design Document (if available)



Carbon Trade Finance Strategies

- Enter ERPAs (Emission Reduction Purchase Agreement) with pre-payment. Pre-payment provides developer equity needed to obtain bank finance.
- Use forward sales ERPAs to secure lower foreign currency lending rate for export financing
- Engage strategic partners to gain expertise, share costs, dilute risk and create a marketable product
 - Structure CER swaps for equipment and technology purchases
- Apply proven technologies in new areas and innovative ways
- Replicate successful projects and coordinate
- Set realistic price goals using trade market assuming current price levels



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