

Meteor Asset Management

Meteor Clean Energy Fund

December 2009



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Clean Energy Investing: The Premise

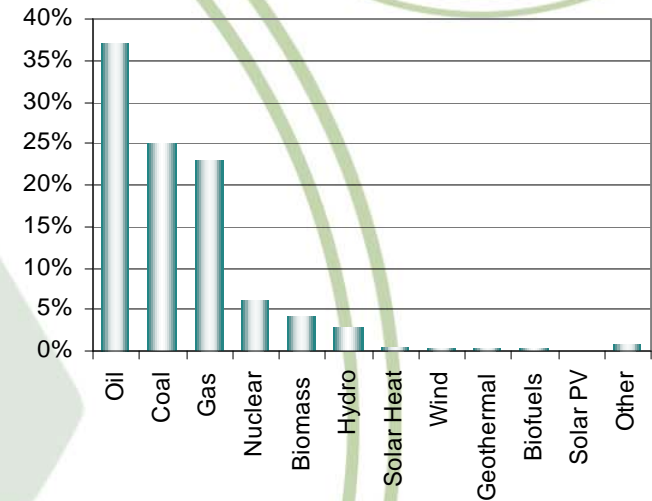


Diminishing Resources

- It is estimated that 80-90% of global energy consumption comes from the combustion of fossil fuels*
- Conservative predictions estimate that, at today's consumption rate, we will run out of conventional oil by 2045 and coal by 2159*
- The Energy Watch Group reports that we already cannot supply the demand for oil and that uranium resources will be exhausted within 70 years**
- Political considerations over:
 - The security of supplies
 - Environmental concerns over global warming and
 - Energy sustainability

Will move the world's energy consumption away from fossil fuels

Global Energy Usage



*"Renewables Global Status Report 2006", Renewable Energy Policy Network for the 21st Century, www.ren21.net

**Energy Watch Group Oil Report / Energy Watch Group Uranium Report

Clean Energy Investing: The Premise



Renewable Resources

- Renewable resources are available each year unlike fossil fuels which are permanently depleted
- Most of the worlds available energy resources are renewable resources
 - If fully developed, renewable resources could account for more than 93% of total US energy reserves. If all non-renewable resources were uniformly exhausted in 30 years, they would only account for 7% of available resources each year*
- In theory, renewable energy sources can easily supply the worlds energy needs
- For instance, 89 petawatts of solar power falls on the planet's surface. Just capturing less than 0.02% would be enough to meet current energy demands**
- The main issue to overcome with renewable energy creation is the high cost of production for sources including wind, hydro and solar power
- Other obvious issues include the growing time required for bio fuels, but if carefully planned can be easily overcome

*Renewable Resources in the US Electricity Supply - http://www.eia.doe.gov/cneaf/electricity/pub_summaries/renew_es.html

**Tester, Jefferson W.; et al. (2005). *Sustainable Energy: Choosing Among Options*. The MIT Press. ISBN 0-262-20153-4

Clean Energy Investing: The Premise



A Unique Asset Class

“While the economic crisis is big, the planetary crisis is still bigger”

Sir Nicholas Stern – World Future Energy Summit, Abu Dhabi 19th January 2009

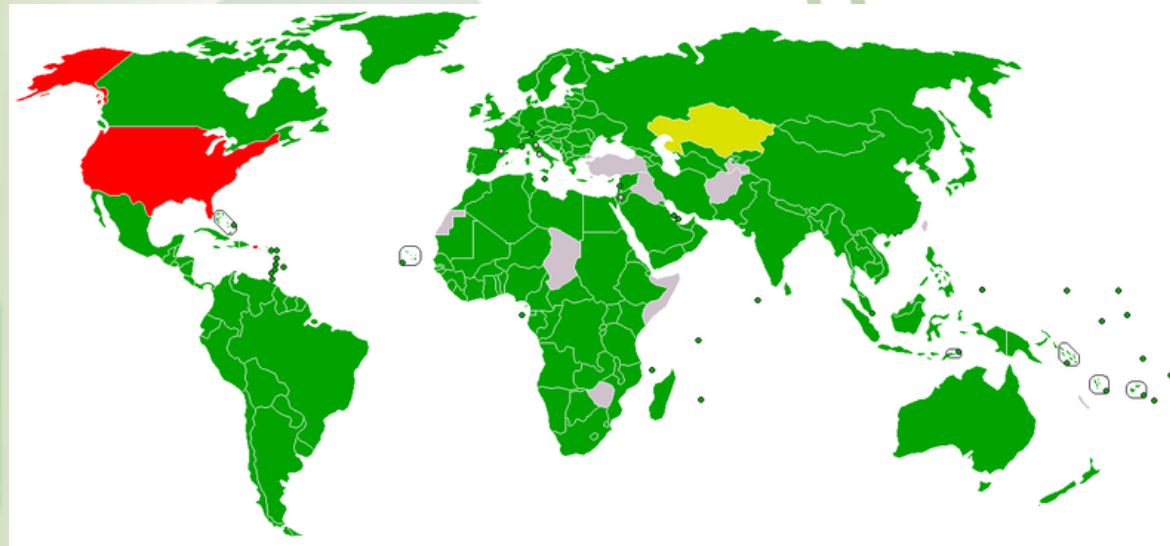
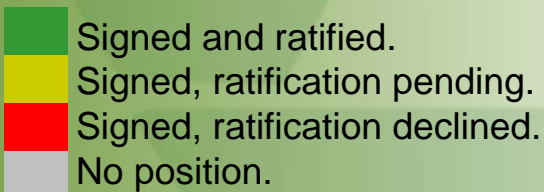
- The dual challenges of combating climate change, at the same time as developing alternative sources of energy to secure the planet’s future, has provided investors with a unique opportunity to combine the planet’s environmental well being with their own financial prosperity
- A global drive, by both developed and developing nations, to increase the use of energy produced from renewable sources and to reduce greenhouse gas emissions through the growing use of technological solutions
- Governments seeking to combat global warming are giving incentives for low-carbon energy production and penalising industries that emit greenhouse gas emissions from fossil fuels

Clean Energy Investing: The Premise



Global Support

- The Kyoto Protocol was produced at the United Nations (UNs) 'Earth Summit' of June 1992 intended to achieve stabilisation of greenhouse gas concentrations
- Under Kyoto, industrialised nations agreed to their collective emissions
- National limitations range from 8% reductions in the EU to 7% for the US, 6% Japan and 0% for Russia with increases of 8% for Austria and 10% for Iceland*
- The map below illustrates the global support towards this unified goal



* *United Nations Environment Programme* (1997-12-11). *Industrialized countries to cut greenhouse gas emissions by 5.2%*. Press release. <http://unfccc.int/cop3/fccc/info/indust.htm>. Retrieved on 2007-08-06.

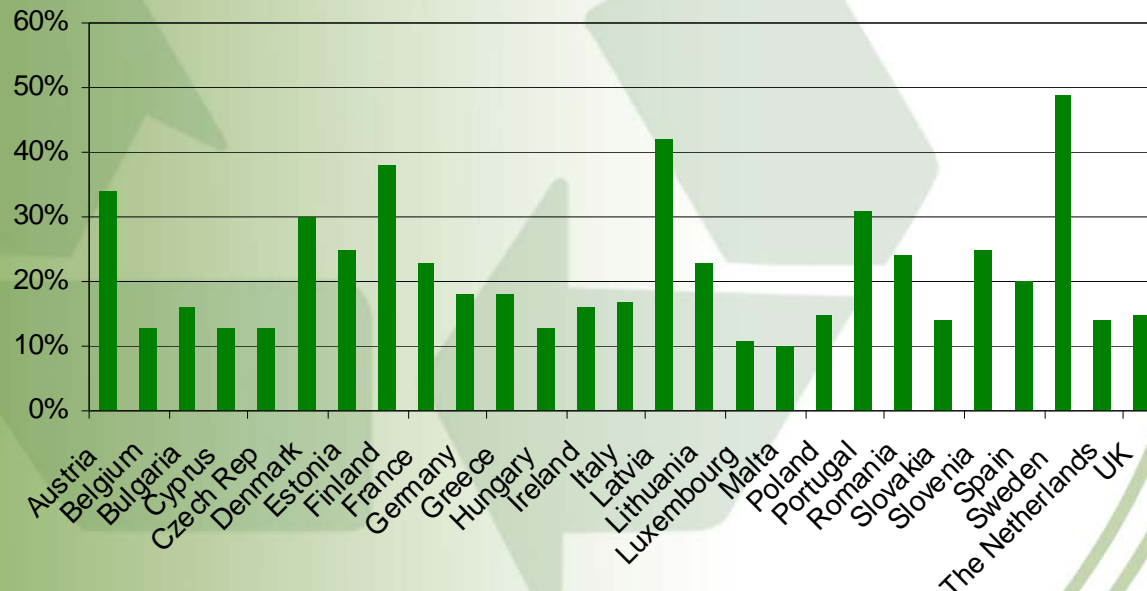
Clean Energy Investing: The Premise



Regional Commitment

- On January 23, 2008, the European Commission proposed a series of EU wide policies to implement the major energy and climate decisions taken by the European Council in March 2007. The decisions included:
 - A commitment to reduce the EU's greenhouse gas (GHG) emissions to 20% below the 1990 level by 2020 and 30% below if other developed countries agree to comparable reductions
 - Commitment to include a minimum of 10% biofuels in overall fuel consumption

Target Share of Total Energy Output from Renewable Energy by 2020 (%)



Clean Energy Investing: The Premise



What are Carbon Credits?

- **Carbon credits** are a key component of national and international emissions trading schemes that have been implemented to mitigate global warming
- They provide a way to reduce greenhouse effect emissions on an industrial scale by capping total annual emissions and letting the market assign a monetary value to any shortfall through trading
 - Credits can be exchanged between businesses or bought and sold in international markets at the prevailing market price
 - Credits can be used to finance carbon reduction schemes between trading partners and around the world
- Many companies sell carbon credits to commercial and individual customers who are interested in lowering their carbon footprint on a voluntary basis
- These carbon off setters purchase the credits from an investment fund or a carbon development company that has aggregated the credits from individual projects
- The quality of the credits is based in part on the validation process and sophistication of the fund or development company that acted as the sponsor to the carbon project
- This is reflected in their price; voluntary units typically have less value than the units sold through the rigorously-validated Clean Development Mechanism (CDM)*

Clean Energy Investing: The Premise



Emissions

- The carbon market is dominated by transactions in the allowance-based European Union Emissions Trading Scheme (EU ETS)* accounting for 79% of the value transacted in 2008
 - This covers around 45% of Europe's total GHG emissions covering emissions from electricity generators and industrial processes such as the production of steel, cement, mineral oil refineries, pulp and paper and others
- The second largest segment accounting for over 18% of transacted value in 2008 are projects developed under the Clean Development Mechanism (CDM)*
 - CDM projects provide credits that can be used by governments under Kyoto and companies covered by the EU ETS
 - Credits are traded in the OTC market (roughly 79% in 2008) and the rest on exchanges to include spots, options and futures
- According to New Carbon Finance projections, weighted average global carbon prices are expected to rise significantly to 2020 as a result of increasing demand for emission reductions across the main markets

Projected World Carbon Prices (\$/tCO ₂)			
	2008	2012	2020
Europe	39	65	97
North America	5	12	30
Australia	-	16	58
Japan	-	22	26
CDM JI	27	46	68
Voluntary	6	9	20
Weighted Average	32	34	49

*See Glossary in Appendix III

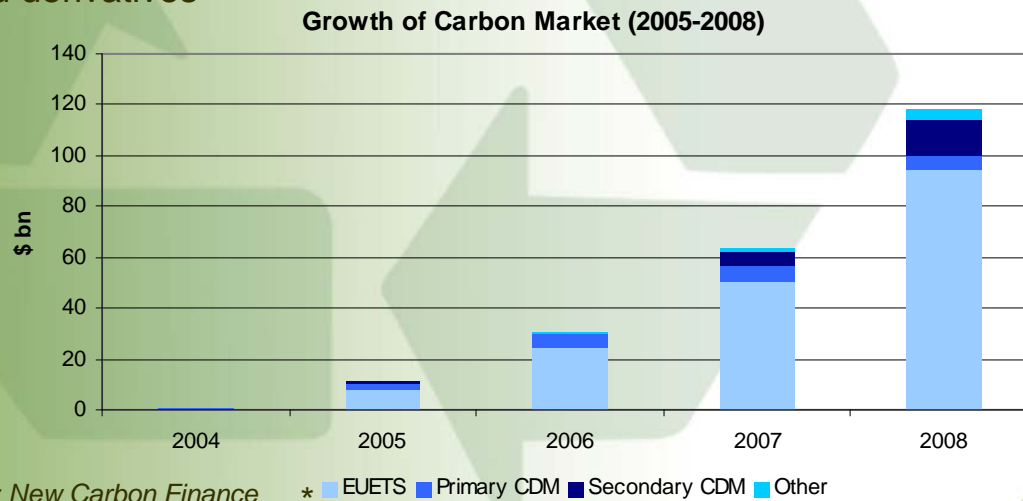
Source: New Carbon Finance

Clean Energy Investing: The Premise



The Carbon Market

- Analysis of the global carbon market shows that, in spite of the global economic turmoil, the carbon market has continued to grow
- Despite carbon prices having come off their highs in May 2008, liquidity remains strong and sustainably above the levels seen in 2007
 - The carbon market grew 84% in 2008 to reach \$118bn
 - Growth is expected to continue to 2012 buoyed by higher prices and volumes, by when it is expected to reach \$550bn
 - If the US introduces a federal cap and trade scheme the global carbon market could turn over \$3 trillion per year by 2020
 - The carbon market accounts for roughly 20% of the worlds commodity markets including spot, futures and derivatives



Slide Information Source: *New Carbon Finance*

*See Glossary in Appendix III



Meteor Clean Energy Fund



Meteor Clean Energy Fund



Fund Objectives

- The Meteor Clean Energy Fund (“the Fund”), **targets returns in the region of 10-15% per annum** across a portfolio of small to medium sized projects, in both developed and developing countries, which are using or developing innovative technologies
- In addition to generating a return on these core operations, the technologies these projects utilise will **generate high-quality Carbon Credits** which meet the UN’s guidelines and can be sold in the open market for enhanced return or ‘retired’ to offset the investors carbon footprint
- Although the Fund will be the sole investor in some projects, where possible, investments will be made alongside international development agencies
- In addition, the Fund will focus on investments which meet the UN’s ‘Clean Development Mechanism’ and Joint Implementation (JI) qualifying projects criteria*
- This means that the emission reduction investments are certified as ‘true’ emission reduction

Meteor Clean Energy Fund



Fund Objectives (Continued)

- The Fund has been designed to offer investors a choice of share classes, providing a unique opportunity to maximise their returns or to endeavour to become carbon neutral/positive
- Once an individual or institution has calculated their carbon footprint* the option exists to split their investment between one of two share classes:
 - The first share class will allow investors to maximise their returns by receiving returns from both the underlying projects as well as the sale of carbon credits
 - The second share class will 'retire' the carbon credits generated allowing the investor the opportunity to offset their carbon footprint
- This unique structure allows investors the opportunity to participate in both, or either, share class allowing them to invest in a way which satisfies their return and/or offsetting requirements

Meteor Clean Energy Fund



Fund Details

- The Fund operates as a Protected Cell Company (PCC), regulated in Guernsey by the Guernsey Financial Services Commission and listed on the Channel Islands Stock Exchange
- The Fund will only invest in projects that offer a dual income stream from:
 - commercial returns from the underlying assets; and
 - the sale of verifiable and recognised carbon credits in the open market or on a recognised exchange
- Risks are actively monitored in order to be minimised. The Fund will be diversified by:
 - geographical region
 - Methodologies and project type
- Initial investments will be in accredited projects producing high-quality certified carbon credits which we anticipate will be sold to:
 - European and North American markets
 - Major industries ranging from existing power generators to airlines
- Where possible risks such as non-completion and political risks will be insured against

Meteor Clean Energy Fund



Key Facts

- **Availability:** As a direct investment, within a life assurance bond, via a pension fund or by companies and charities. Investments may be made in £, \$ and € (subject to negotiation).
- **Dealing:** Monthly purchases and sales
- **Withdrawals*:** Early redemption in the first 3 years of the Fund will incur a penalty which will be the following percentage of initial investment value
Year 1 – 8%; Year 2 – 6%; Year 3 – 4%
- **Initial Charge:** Up to 1%
- **Management Fee:** 1.5% p.a. of NAV, accrued daily and payable monthly in arrears
- **Performance Fee:** 10% p.a. when the fund performance exceeds 6% p.a. net of all charges
- **Tax:** For UK residents, it is our understanding that any gains will be subject to CGT. Non UK residents for tax purposes may incur a tax liability in their country of residence**
- **Liquidity Risk:** The Fund Manager reserves the right to delay settlements of redemptions that exceed 10% of the Fund's NAV
- **Fund Adviser:** Meteor Asset Management Ltd
- **Fund Sub-Adviser:** EcoCapital Ltd

**High penalties in Year 1 and 2 are due to the liquidity constraints of the projects 'set up' phases which will require at least this period to up and running*

***The information contained within this presentation is based on our understanding of current regulations, legislation and practice, which are subject to change in the future. If clients require further clarification they should seek their own independent tax advice*

Meteor Clean Energy Fund



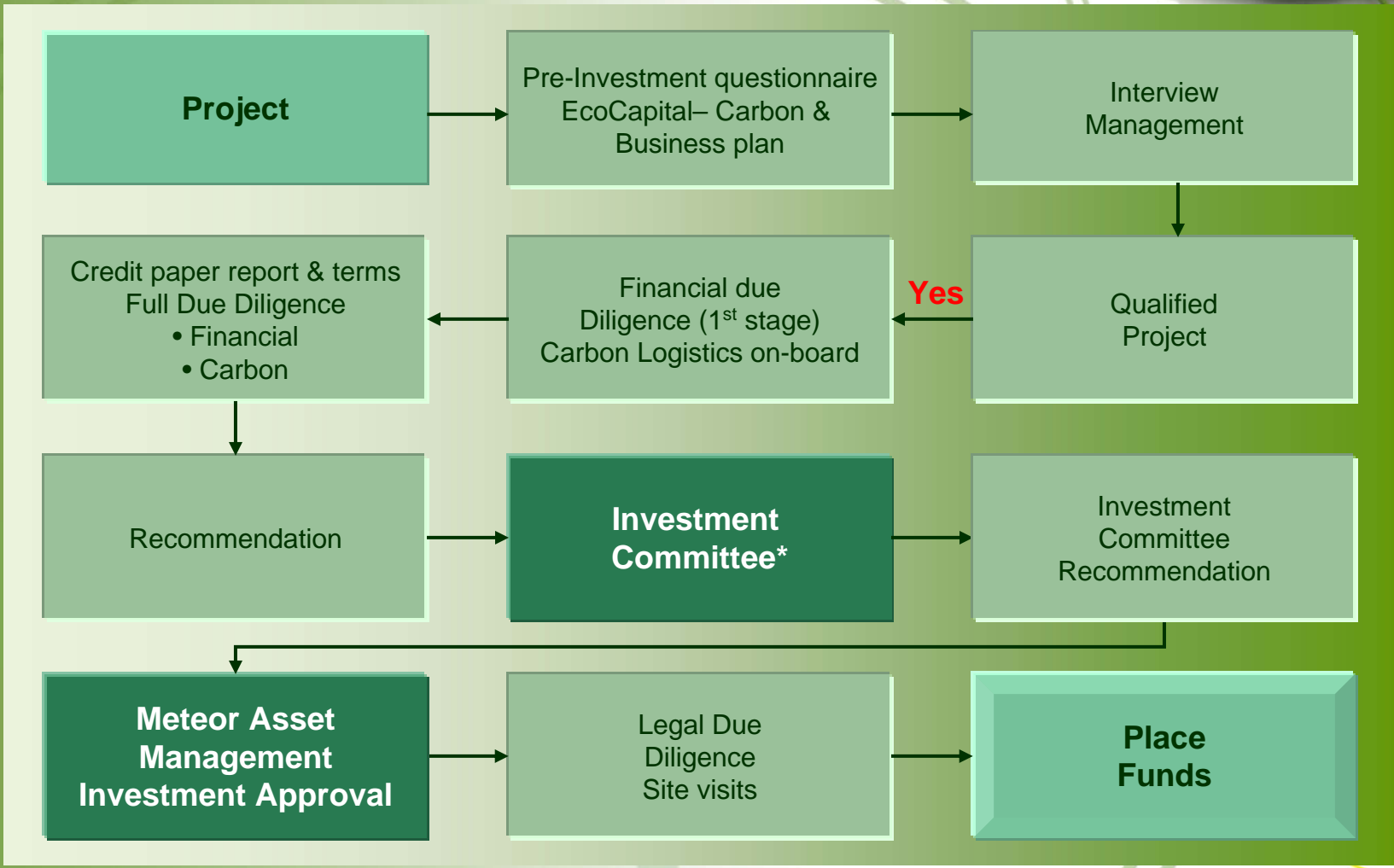
Service Providers

- Fund Advisor: Meteor Asset Management
- Fund Manager: Lancelot Management Ltd
- Custodian and Banker: MeesPierson CI Ltd
- Auditor: PKF (Guernsey) Ltd
- Administrator: Bordeaux Services (Guernsey) Ltd
- Legal Advisers in Guernsey: Bedell Cristin Guernsey Partnership

Meteor Clean Energy Fund



Investment Process



Meteor Clean Energy Fund



Project Example – The DENDRO Project – A Biomass Electricity Generating Project

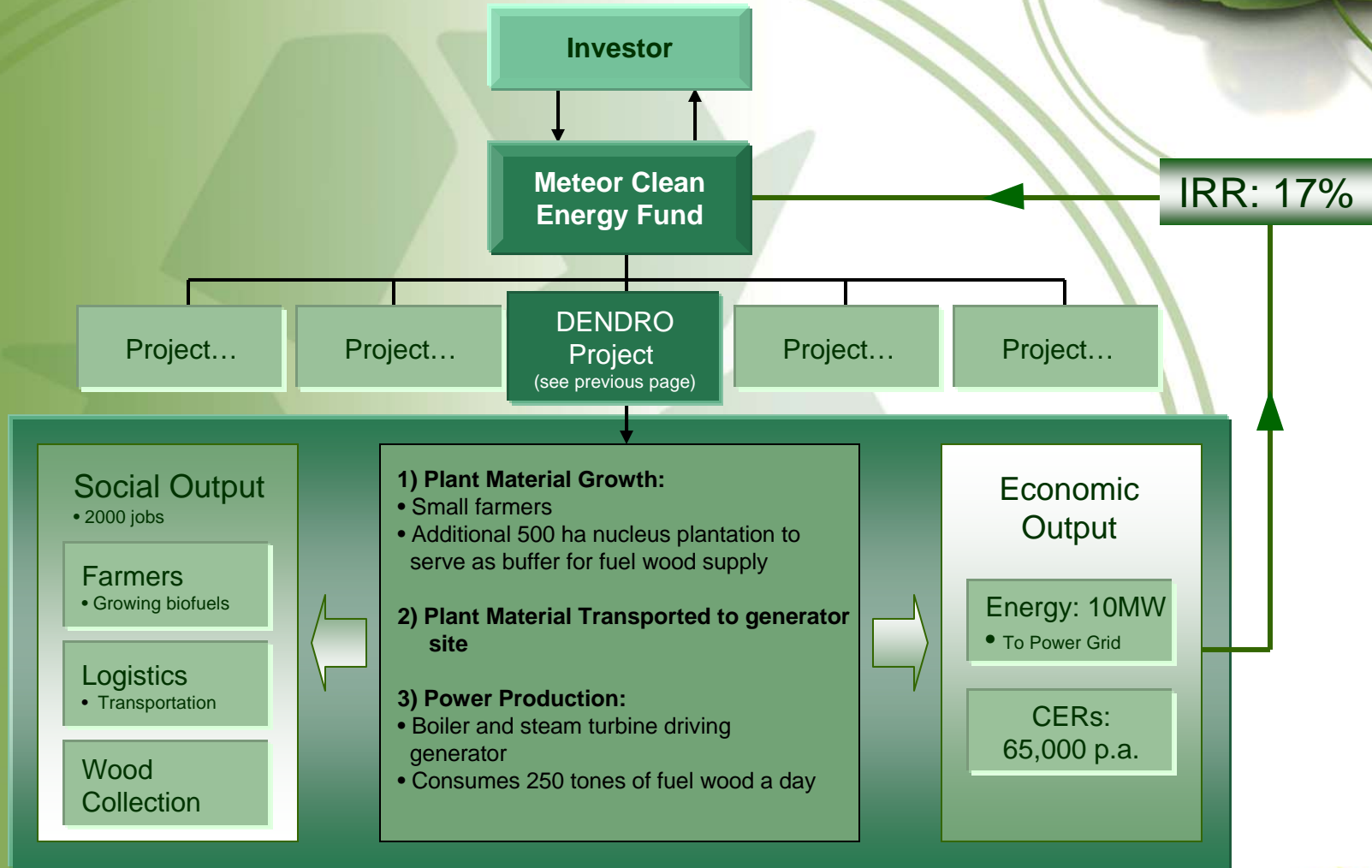
- Sri Lanka Power Project: Targeting 'Gold Standard' status*
- Project: 11 mw biomass grid connected power project
- Location: Sri Lanka
- Site: 49 acres of MASL land on 30 years long lease
- Biomass resource: Within 30km radius of site
- Power generation process: advanced gasification and fuel cell
- Commissioning Date: February 2010
- CDM Approval: Qualifies for CER's under CDM
- Return Expectations: 17% IRR
- CER Generation: 65,000 p.a. with a 10 year time scale
- 3 year exit strategy with 60% equity holding

*Gold Standard CERs trade a significant premium to standard CERs

Meteor Clean Energy Fund



Project Example - Biomass Electricity Generating Project





Appendices



Appendix I



Fund Adviser

- EcoCapital Ltd: EcoCapital's vision is to support projects and missions which have a demonstrable social and environmental co-benefit and have a financial return. The Company aims to facilitate alignment of corporate, individual and institutional priorities with regulation, science and government.
- Tauni Lanier (Director of EcoCapital Ltd)

Dr Tauni Lanier has considerable experience in the development and advancement of corporate responsibility and governance strategy in the market place and is a recognised expert in the fields of sustainable finance and sustainable development in the finance sector. Previous publications include: Environmental Business, Sustain Magazine and various academic publications. She has also participated in a number of Radio 5 Live interviews.

As an investment banker, Tauni Lanier has worked for organisations including JP Morgan and Dresdner Kleinwort Benson on the debt side and in structured finance. In 1999 she became the first managing director of the Dow Jones Sustainability Group Indexes. Her work at the World Business Council for Sustainable Development, a business advocacy group representing 160 of the largest multinationals, involved advising companies regarding external reporting on sustainability issues.

Tauni carries an Environmental Economics (PhD.), University of St. Gallen, Switzerland – International Banking, INSEAD, France

Appendix II



Investment Committee

Viscount Asquith OBE

- Viscount Asquith served 18 years in the British Foreign & Commonwealth Office. He spent three years in Moscow (1983-1985), seven years in the Cabinet Office covering Soviet and East European political, military and economic developments (1985-1992) and was a founding member of the British Embassy in Kiev (1992-1997). In 1997 he left British government service to pursue private business interests in the United Kingdom and Eastern Europe, chiefly in energy, agriculture and property. He is the founder and executive Chairman of Zander Corporation Limited, an environmental remediation company, with interests in Ukraine, Africa and the Middle East; senior non-executive director in JXX Oil & Gas plc (the largest British investor in Ukraine); and non-executive Chairman of Europa Capital Emerging Europe Fund Limited.

Mark Campanale, Director, Four Elements Capital

- Mark Campanale has over twenty years experience in sustainable financial markets. Mark's area of knowledge is in the finance of clean tech companies, sustainable asset management and ecosystems services, principally forests. Recruited as one of the City's first sustainable investment analysts in 1989, Mark is a co-founder of the sustainable investment businesses firstly at Jupiter Asset Management with the Ecology Funds (1989-1994); NPI with Global Care Funds (1994-1999); AMP Capital with the Sustainable Future Funds (2000-2001) and Henderson Global Investors with the Industries of the Future Fund (1999-2006), whose funds as a group amount to over £2.5 billion of assets.
- Mark is a Founder Director of the UK Social Investment Forum (1990-2008), he served on the World Business Council for Sustainable Development working group on capital markets leading up to the 1992 Earth Summit; was a Member of the Steering Committee of UNEP Financial Sector Initiative (1999-2003); member of HMG Advisory Board on Forests and Finance (2009-present); serves as Hon Treasurer, The Rainforest Foundation (UK) (2004-present), Advisory Board member of 3iG, the International Interfaith Investment Group; Advisor to Halloran Philanthropies; and is founder Director of The Social Stock Exchange, funded by the Rockefeller Foundation. Mark is a Non Executive Director of The Carbon Assets Fund, for Carbon Capital Markets (2006-present) and a Non Executive Director of the Caudex Capital Sustainable Timber Fund. Mark's recent assignments include raising capital for forestry, ecosystems services and clean tech private equity funds. Mark holds an M.Sc in Agricultural Economics from Wye College.

Appendix II



Investment Committee

Graham Burgess, CEO, Sovereign Oil

- Graham Burgess has spent most of his professional career in the oil and gas industry. He was head of Drilling & Subsea Engineering for Texaco North Sea until 1989 before becoming worldwide Operations Manager for Premier Oil Plc until 1994. He consulted on well management and the development of CCGT power plants in Pakistan until 1996 and then became General Manager of Business Development at Global Marine IS. He founded Star Energy Ltd in 1998 and was recently CEO of MOS International Plc before he founded Sovereign with Dr Peter Felter in 2003.
- He holds a BSc (Hons) in Geology from Edinburgh University.

Malini Mehra, Director and Founder Centre for Social Markets

- Malini Mehra is the Founder and Director of the Centre for Social Markets, an India and UK-based non-profit promoting responsible entrepreneurship and civic leadership for sustainable development. CSM's primary constituencies are domestic businesses in developing countries, and diaspora communities in industrialised countries. Malini has worked on issues of sustainability and human rights in a variety of positions in government, business and the voluntary sector for the past 20 years. She currently serves as an advisor to a number of companies and non-profits, including BHP Billiton, Unilever, the International Centre for Corporate Citizenship, Rugmark, and others. . A co-author of the UN Development Program's Human Development Report for 2002, she has also previously worked for charities such as Oxfam and Friends of the Earth.
- Her accolades include: The World Economic Forum Young Global Leaders (YGL) 2009, selection in 2006 as a Principle Voice on CNN's initiative of the same name, and her features in TIME and Fortune magazines addressing corporate social responsibility and emerging markets, and an Asia 21 Young Leader in a new initiative by the Asia Society in 2007. From 2005-2006, Malini served in the UK government leading on international sustainable development partnerships, and pioneering a new initiative with emerging markets including India, China, Brazil, South Africa and Mexico. Prior to this Malini was an adviser to Kofi Annan as a member of his High-Level Panel of Eminent Persons on UN-Civil Society Relations chaired by President Cardoso of Brazil. An Indian citizen, Malini speaks six languages and is married with three children.

Appendix III



Glossary of Terms

- **CDM:** Clean Development Mechanism is part of the Kyoto Protocol which allows industrialized nations to finance projects for reducing greenhouse emissions in developing countries and receive credits (CERs) for doing so.
- **CERs:** Certified Emission Reductions are credits generated under Kyoto's CDM for the reduction of emissions of greenhouse gases equal to one tonne of CO₂ equivalent (CO₂e). According to South Pole Carbon Asset Management, Gold Standard CERs attracted a premium of Euros 5-10 per credit.
- **VERs:** Verified Emission Reductions are carbon offset credits in the voluntary carbon market. These are tradable credits for greenhouse emission reductions generated to meet voluntary demand for carbon credits by organisations and individuals wanting to offset their own emissions.
- **Joint Implementation:** allows developed countries, especially in transitional market economies, to host carbon-reducing projects funded by another developed country. These arrangements generate Emission Reduction Units (ERU) which go to the investor country, whilst emissions of the host country are reduced by the same amount.
- **EU Emissions Trading Scheme:** In January 2005 the European Union Greenhouse Gas Emission Trading Scheme (EU ETS) commenced operation as the world's largest multi-national, multi-sector Greenhouse Gas emission trading scheme.

Appendix IV



Fund Allocation Versus Direct CER Investment

- The table below illustrates the alternative to a forced corporate purchaser of CERs offsetting their carbon footprint
- An investment in the Meteor Clean Energy Fund would not only more than cover the required carbon offsets but would also return more than the capital required to purchase the CERs over a 10 year period
- This would have the effect of converting a cost into an asset

	Direct Purchase		Fund Investment				Cash Opportunity Cost	
	Offset Allocation (€)	Offset Carbon Tons	Fund Investment	Carbon Tons Earned p.a.	Additional Carbon Tons over Requirement p.a.	Additional CER Value (€)	Cash	Cash Opportunity Cost @ 5% p.a.
Year 1	€ 100,000	10,000	909,091				900,000	45,000
Year 2	€ 100,000	10,000	1,000,000	10,000	-	-	800,000	40,000
Year 3	€ 100,000	10,000	1,100,000	11,000	1,000	10,000	700,000	35,000
Year 4	€ 100,000	10,000	1,210,000	12,100	2,100	21,000	600,000	30,000
Year 5	€ 100,000	10,000	1,331,000	13,310	3,310	33,100	500,000	25,000
Year 6	€ 100,000	10,000	1,464,100	14,641	4,641	46,410	400,000	20,000
Year 7	€ 100,000	10,000	1,610,510	16,105	6,105	61,051	300,000	15,000
Year 8	€ 100,000	10,000	1,771,561	17,716	7,716	77,156	200,000	10,000
Year 9	€ 100,000	10,000	1,948,717	19,487	9,487	94,872	100,000	5,000
Year 10	€ 100,000	10,000	2,143,589	21,436	11,436	114,359	-	-
Total	-€ 1,000,000	100,000	135.79%	135,795	45,795	457,948		225,000
Total Final Value (Exc CERs)			2,143,589					
Total Final Value (Inc CERs)			2,601,537					
Average CERs p.a.			13,579					
Total CERs			135,795					
Opening Investment Amount			1,009,090.91					

Contacts



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