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# HAMILTON CLARK

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## Hamilton Clark Securities Company

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“Moving Toward the Horizon”

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# Hamilton Clark Securities

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- Investment banking, financial advisory firm established in 1990
- Focused exclusively on energy technology companies
- Offices in Washington, DC and Houston, TX
- Member FINRA and SIPC, SEC registered broker-dealer
- Completed over 70 advisory, M&A and institutional private placement assignments

**TERRABON**

Terrabon, Inc.

Series A  
Convertible Preferred Stock

Strategic Investors

Valero Energy Corporation

WM Organic Growth, Inc.  
(Subsidiary of Waste Management, Inc.)

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**HAMILTON CLARK**

October 2009

Placement Agent

SunOpta BioProcess Inc.

has merged with

 **MASCOMA**

We initiated this merger and acted as exclusive  
financial advisor to SunOpta BioProcess Inc.

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**HAMILTON CLARK**

September 2010

# Favourable investment trends in advanced biofuels

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- **New investment in advanced biofuels will be significant**
  - RFS2, 500+ biorefineries, 40 MMGPY, \$8.00/gallon, \$320 million, \$170 billion total program
- **Advanced biofuels can be profitable without subsidies, loan guarantees**
  - \$2.00/gallon conversion cost, \$3.00+/gallon wholesale gasoline, \$1.00 gross margin
- **Enhanced financial leverage from subsidies, grants and loan guarantees**
  - Over \$3 billion has been awarded in grants, loan guarantees and preliminary commitments
- **Continued volatility in the oil markets, long term outlook for higher oil prices**
  - Middle East and North Africa production likely to be impacted by political unrest
- **National security, trade balance/trade deficit/USG credit rating**
  - 21 BGPY (1.4 MMBPD), \$140MM/day positive trade balance, \$51B year, \$510B/10 years
- **Very successful IPO experience during last 12 months**
  - Codexis, Amyris, Gevo, Solazyme, KiOR. Aggregate IPO proceeds of \$640 million; aggregate market cap of \$4.8 billion. (Ceres, Myriant, REG, PetroAlgae in registration)

# Why is this attractive to investors

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- **Converts non-food biomass into biofuels, sustainable**
  - No adverse effect on food supply or prices, 50% less GHG
- **Biofuels mandates (currently in the US) likely in Europe will help profitability**
  - Public policy focus to gradually reduce dependency on foreign oil and fossil fuels
- **Significant growth potential**
  - Opportunities across the value chain
- **Learning curve trajectory for very high process efficiencies**
  - Learning curve will come just as global demand for transportation fuels and chemicals takes off
- **Not just ethanol**
  - Flexibility for a full slate of fuels (gasoline, diesel, jet) and chemicals, b-butanol, b-polymers
- **High expected IRR**
  - First fleet of advanced biofuels projects will offer IRRs in the range of 15% to 25%
  - IRRs will fall to 10% to 15% once about 50 plants are built

(1) Attribution to Bloomberg New Energy Finance (BNEF), Bioenergy Research Note, March 2011.

# Market drivers

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About 35 companies in North America that have received DOE or USDA grants, loan guarantees or conditional commitments for support

## Enabling Market Drivers

- Firm government mandate to increase production of advanced biofuels
- Environmental support based on reduced GHG and non food-feedstocks
- DOE/USDA support increases IRR
- Ready for commercialization
- High gross margin

## Challenges

- Multiple technologies among various conversion platforms, difficult to choose
- Price volatility can result in a period when advanced biofuels are not price competitive
- Need for substantial follow-on financing to build a company with multiple projects
- Possible elimination of grants and loan guarantees

# Grow Energy Corporation – renewable oil company

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## Build Shareholder Value

- Newly-formed, operating renewable oil company, not a “fund”
- Seek low “finding costs” and “long-lived renewable reserves”
- Operating and non-operating interests in producing properties
- Low carbon renewable reserves will sell at a premium to depleting, high carbon reserves

## High Overall Return

- Technology developers are currently seeking financing for their first fleet of plants
- Non-DOE/USDA loan guaranteed projects will be heavy on equity
- Technology companies may be willing to sweeten the terms to partners in their first fleet of commercial plants

## First Mover Advantage

- Company recently seeded, currently seeking cornerstone investors
- Currently, no specialized firm seeking to be an operating company for advanced biofuels
- First mover advantage can result more diversification, better recruiting of industry experts and a premium on valuation

# Disclaimer

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