

Energy Mezzanine Opportunities Group

Mezzanine Financing for Geothermal Power

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Why Mezzanine?

¾Flexible structure

- Combination of cash-pay and PIK coupons and equity kicker
- 1st lien, 2nd lien, subordinated, or preferred equity
- Bullet or amortization

¾Always available

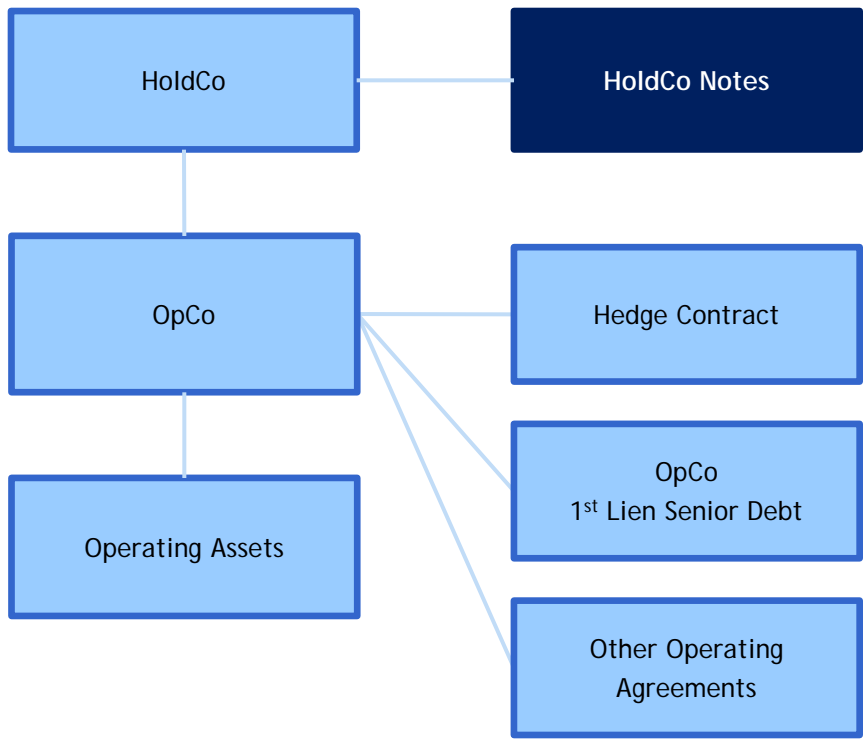
- Available when public debt markets are closed
- Available for all sizes including small companies which do not have an access to HY market

¾Less dilutive

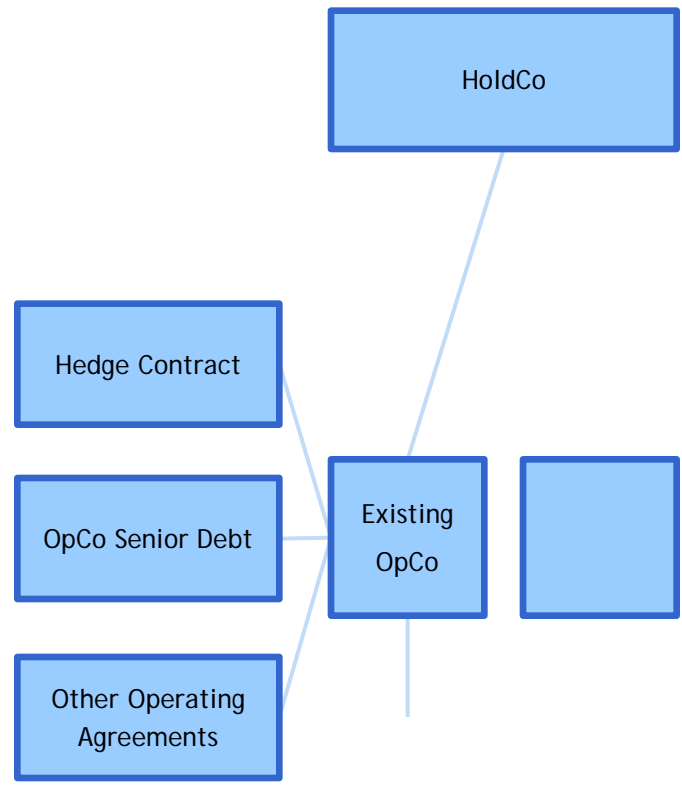
- Less dilutive than private equity
- Management in control of operations

Investment Structure Examples (cont'd)

Structure 3: HoldCo Subordinated Debt



Structure 4: Acquisition Debt



~~Investment Profile~~

Sector Focus	Upstream, midstream, downstream
Geographic Focus	US and Canada
Investment Size	Target \$25 million to \$100+ million
Investment Tenor	2 - 6 years
Return	Combination of current cash pay, PIK and equity kickers (e.g. NPI, ORRI, warrants)

We structure creative & flexible capital solutions
tailored for specific company needs

Investment Approach

¾ To Get Started:

- Identify strong management teams with proven track records of value creation
- Provide capital for acquisitions, refinancings, and development and growth
- Incorporate financial structuring tailored to each opportunity
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Section Interest - Geothermal

¾ Renewable resource

¾ Typically backed by long-term PPA

¾ US tax benefits

- 1603 tax grant through 2013
- 30% ITC/PTC for projects commencing construction in 2013
- Accelerated depreciation

¾ Drilling resource similar to upstream oil & gas (Petroleum engineer on staff)

¾ Familiarity with the power space and underlying markets

Early Stage

- Site Identification & Lease Acquisition
- Resource characterization / early-stage development
- PPA transmission / interconnection
- Environmental / permitting
- Production welection

Late Stage Development

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Construction & Project Finance

Operations





Broad Geographic Footprint, Well Positioned For Growth