Intro to EcoSecurities

& Emission Reduction Projects in the Natural Gas Sector

21 Sept 2007
Presentation for INGAA

Contents

Who we are

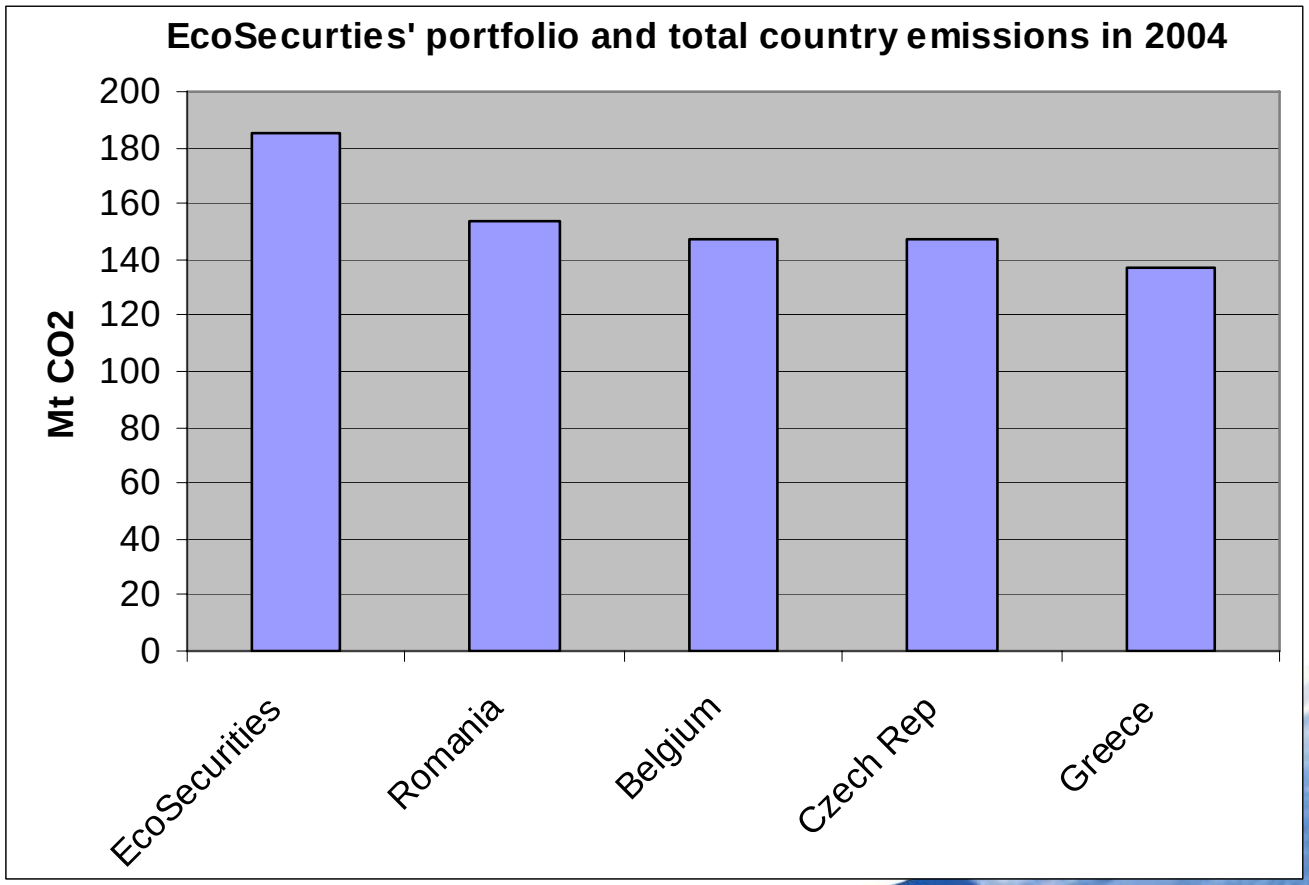
EcoSecurities is a leading originator of carbon credits in the global carbon market

Carbon Credit portfolio at 5 September 2007 comprised of:

- **456** CDM projects, up over 29% since 31 December 2006
- Projects have the potential to generate over **185** million CERs, up over 18% since 31 Dec 2006
- Options and contracts on **110** million CERs for the 2013-2028 time period
- 44 voluntary projects, up over 90% since 31 December 2006
- Projects have the potential to generate over **4.3** million VERs, first VER sales in 2007

Portfolio

What is 185 million tonnes ?



Origination

Diversification by project type

% of Volumes	As at IPO	June 15th 2007
Landfill gas	25%	6.5%
Biomass electricity	14%	15%
Biodiesel	0%	8%
Afforestation	12%	0%
Hydroelectricity	9%	24%
Coal mine methane	8%	3%
Anaerobic digestion - Wastewater	6.5%	3.5%
Anaerobic digestion – Swine	1.5	1%
Natural gas fuel switch	7%	9.5%
Geothermal	4%	4%
N2O	**0%**	**11.5%**
Other	13%	13.5%
Total	100%	100%

Diversification by geography

% of Volumes	As at IPO	June 15th 2007
China	29%	44%
Brazil	27%	12%
Indonesia	2%	8%
India	0%	4%
Thailand	7%	3%
Rest of Asia	6%	4%
Rest of South & Central America	12%	12%
Eastern Europe	4%	1%
Rest of Africa & Middle East	13%	12%
Total	100%	100%

Highly diversified portfolio, reducing country, technology, and policy risk

Global expansion of offices and employees

Headcount		Offices and Representatives
June 2005	27 employees	5
IPO	72 employees	15
May 2007	246 employees	28

(*) No legal presence but EcoSecurities has entered into contracts with individuals to act as EcoSecurities representatives

Current Strategic Growth

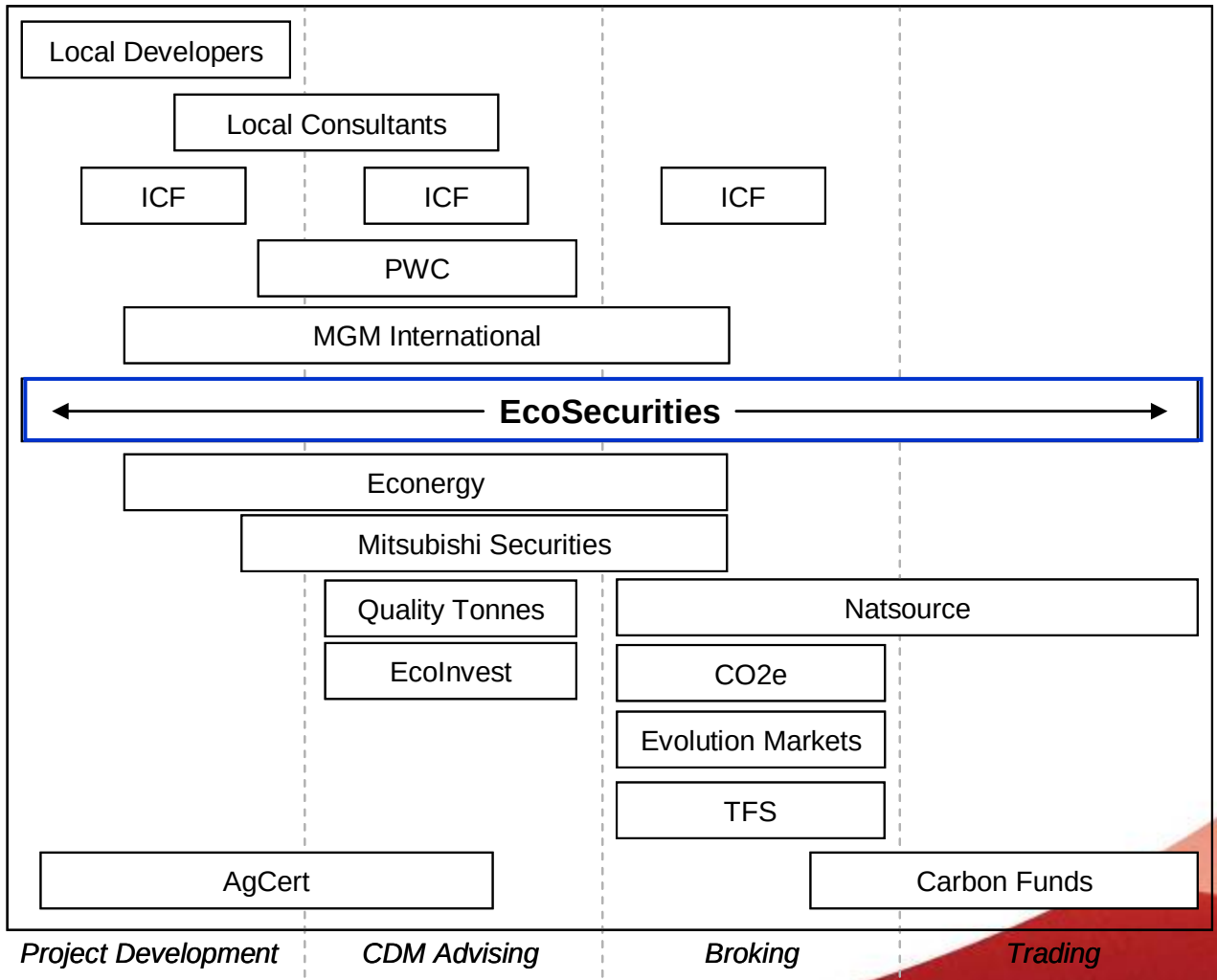
EcoSecurities in a new expansion phase, as a response to growing market opportunities

- Strategic investment by Credit Suisse – June 2007

  (9% of current outstanding shares, US$60M)

- Credit Suisse and EcoSecurities intend to pursue joint business related to CER origination and commercialisation as well as investment in emission reduction projects
- Secondary institutional placement:- July 2007
  - US$80 million of new shares
- Funds for growth opportunities related to;
  - Project Finance
  - **US Market**
  - **Emerging Voluntary Market**

EcoSecurities Model



Commercialisation strategy

"Matched Project" Commercialisation

"Portfolio" Commercialisation

Emerging US Carbon Market

Growing demand from voluntary buyers:

1. **Momentum - Speculative pre-compliance buyers**
   - Emerging US greenhouse gas legislation is leading to early speculative transactions
   - US 110th Congress introduced more than 70 bills, resolutions, and amendments related to addressing climate change
   - Fragmented market is business nightmare
2. **Strategy - Corporate GHG planning**
   - Driven primarily by CSR and carbon neutrality initiatives creating product and brand value (i.e. NIKE, Google, HSBC, Interface)
3. **Demand - Retail Carbon**
   - Driven by consumer offset lifestyle (air, car, etc.)

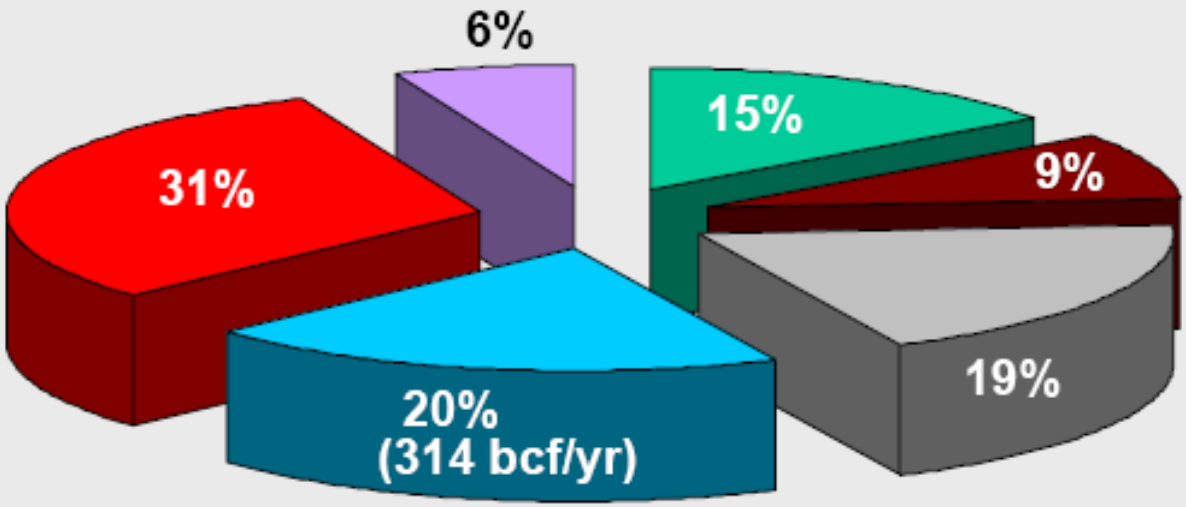
What to look for as a developer or buyer

Necessary Characteristics for <u>any</u> credible ER project

- **Additionality**
  - Are the emission reductions from the project activity "additional" to what otherwise would have occurred in a business-as-usual scenario.
- **Co-benefits**
  - What benefits does project bring in addition to emissions reductions?
- **Third party audited**
  - Developed to a credible standard and verified by a third party?
- **Acceptable project & delivery risk profile**
  - Have project risks and carbon credit delivery risks been mitigated?
- **No double counting**
  - Are environmental attributes being claimed by only one party?

ECO SECURITIES

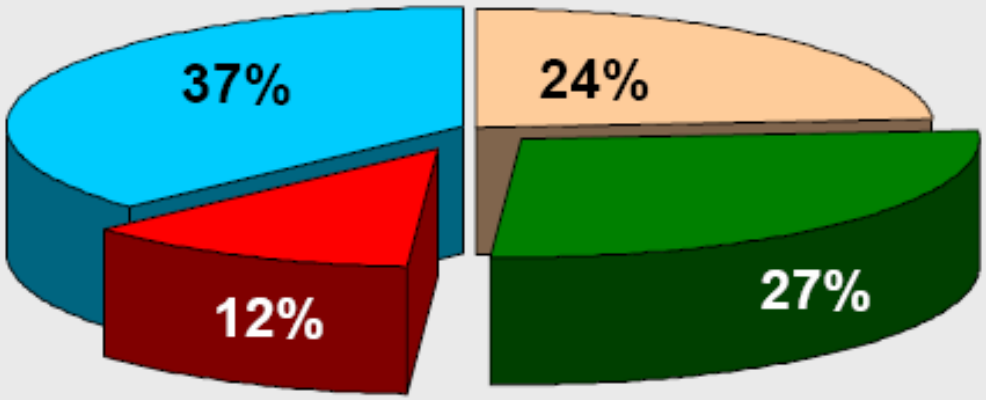
Contribution of Major Methane Sources to Total U.S. Anthropogenic Emissions*



* Total = 1,570 bcf per year

- Coal Mining
- Livestock Manure
- Domesticated Livestock
- Natural Gas Industry
- Landfills
- Other

Natural Gas Methane Emissions Across Industry Sectors *



* Total Natural Contributions = 314 bcf per year

Distribution	Production
Gas Processing	Transmission / Storage

Emissions during Gas Transmission

Emissions arise from

> Compressor stations

> Gate Stations

> Pneumatic devices

> Pipeline maintenance

Emission reduction technology and control options

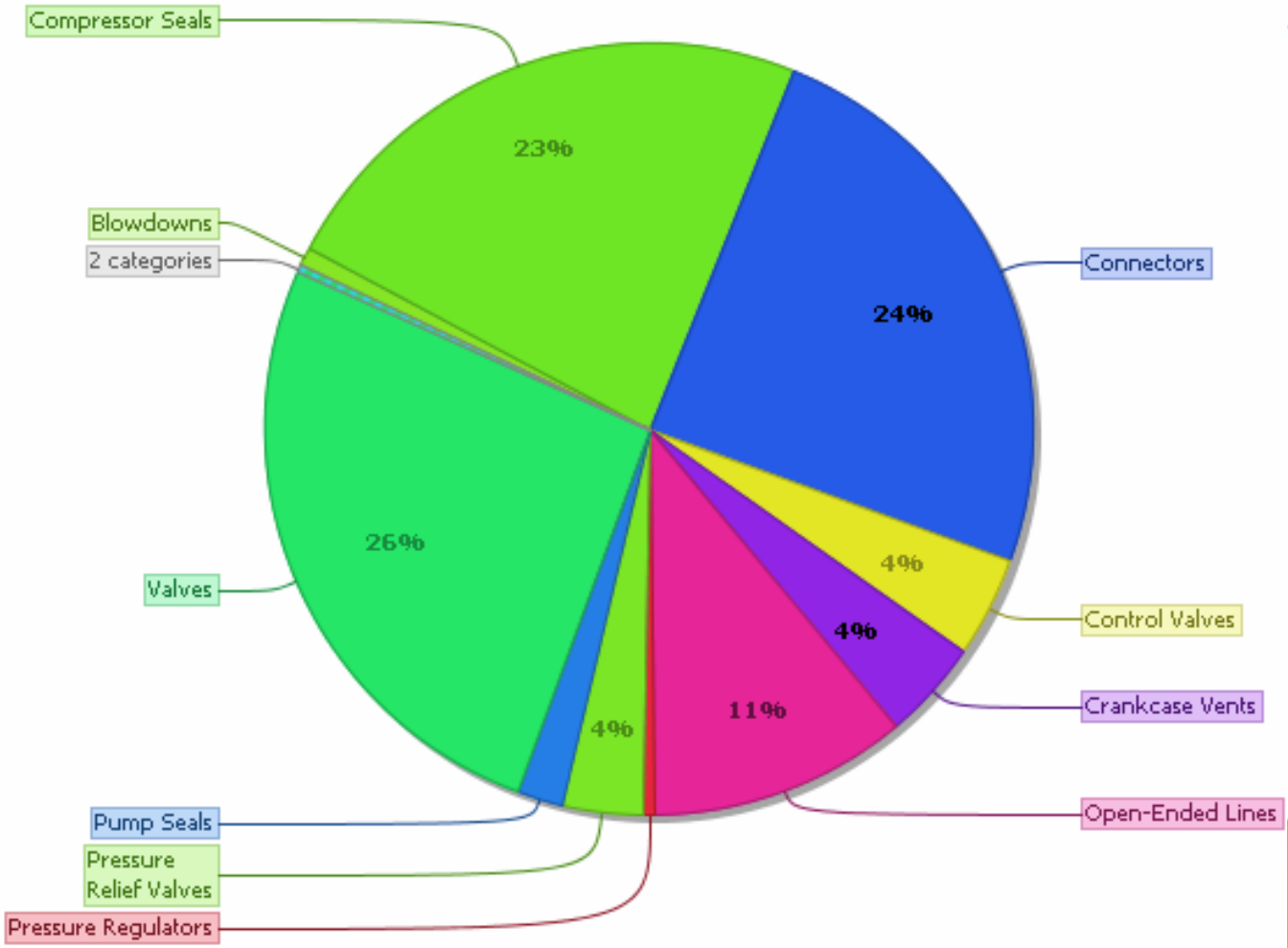
> Direct Inspection & Maintenance (DI&M)

> Replacement of wet compressor seals

> Maintenance of rod packing in reciprocating units

> Low-bleed pneumatics

Emissions at Compressor Stations



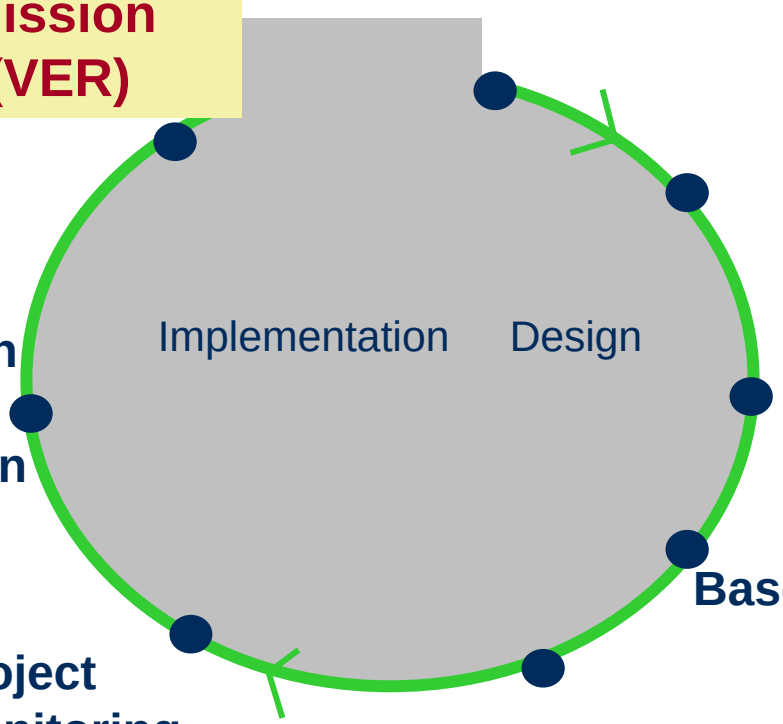
Approved Methodology (AM0023)

"Leak reduction from natural gas pipeline compressor or gate stations"

- Natural gas pipeline operators have no current systems in place to systematically identify and repair leaks
- Leaks can be identified and accurately measured
- A monitoring system can be put in place to ensure leaks repaired remain repaired
- Provide accurate and comprehensive maintenance records on compressor and gate stations

VER Development Process

Verified Emission Reduction (VER)



Development Project Documentation (PDD)

Quality Assurance Level Testing

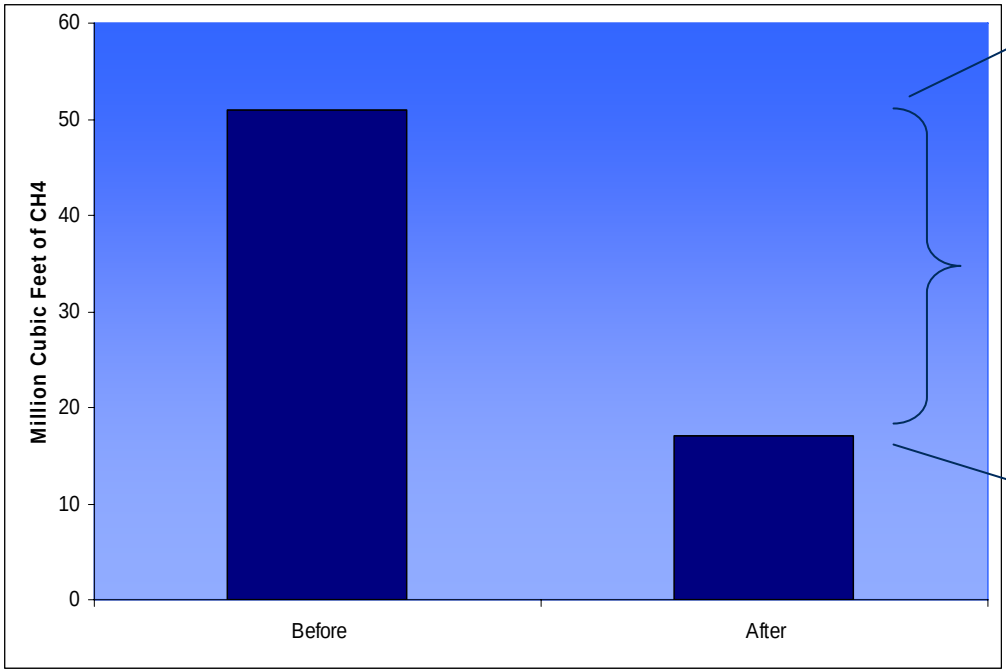
Baseline monitoring

Validation (DOE1)

Project Monitoring

Verification and Certification (DOE2)

Average ER Potential



Baseline Emissions

Emission Reductions (ERs)

Project Emissions

DI&M on compressor and gate stations

~16,000 tCO2e/yr per station

Compressor retrofit for dry seals

~18,000 tCO2e/yr per unit

Transmission Leakage Project List

Project	Country	Methodology	tCO_2e/yr	PDD Consultant
Belgorod	Russia	AM0023	974,000	ECON Carbon
Orel	Russia	AM0023	364,000	ECON Carbon
Tula	Russia	AM0023	791,000	ECON Carbon
Bryansk	Russia	Own Format	897,000	National Methane Centre, Russia
Kostroma	Russia	Own Format	524,000	National Methane Centre, Russia
Stavropol	Russia	Own Format	5,000,000	National Methane Centre, Russia
Monterrey	Mexico	AM0023	7,000	Quality Tonnes

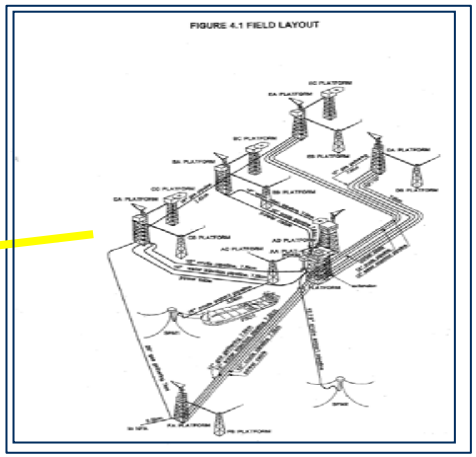
Additionality Arguments

- Difficult to prove financial additionality because of the short payback period when considering gas savings
- Gas prices are often heavily subsidized by governments which discourages conservation
- Gas is colorless and odorless before it reaches the distribution networks and technicians often don't realize the volume of leakage – Lack of detection equipment
- Revenue is typically reinvested into exploration rather than spent on conservation
- Gas transmission and distribution companies may only own pipelines and are not affected by gas losses

Other O&G Meths

ACM009	Recovery and utilisation of gas from oil wells that would otherwise be flared
AM0037	Flare reduction and gas utilization at oil and gas processing facilities
AM0055	Recovery and utilization of waste gas in refinery facilities
AM0043	Leak reduction from a natural gas distribution grid by replacing old cast iron pipes with polyethylene pipes
AMS-II.D	Energy efficiency and fuel switching at industrial facilities
ACM12	**Waste gas or waste heat or waste pressure based energy system**

AM009 Case Study



Al-Shaheen Path to Registration

- PDD started May 2006
- Submitted for Validation in August 28, 2006
- Final Validation on November 23, 2006
- Request for registration on January 7, 2007
- Request for review, March 1, 2007
- “Minor corrections “ from EB on March 27, 2007
- Registered May 29, 2007- **2.5 million tCO2e/yr**

Thank You!

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