
HAMILTONCLARK QUARTERLY

HamiltonClark EnergyTech Index™

Page 2

The Index is back up again, 29% for the first half of 2007, based principally on a 24% increase in crude oil.

Dan Blanchard, formerly a VP of Equity Research at CSFB has recently joined us to head our research efforts. Dan has decided to refresh the index, including a number of the Chinese solar companies. What's important to see in this period, is that the momentum of the sector has outstripped crude oil price increases. With expectations of higher oil prices, this should bode well for the Index. Will the momentum be sustained?

AIM Update

Page 6

The AIM market has continued to perform well, gaining a bit over 16% since the start of 2007. Offerings have also been robust with 138 companies attracting £9.8 billion during the six-month period. Since our last publication 12 new energy tech companies have come to the market, raising £235 million.

AIM or Other Junior Exchanges?

Page 9

Frankfurt and Toronto are now competing for energy tech offerings. Here's why we still believe that AIM has some distinct advantages.

The Theology of Climate Change

Page 13

This article is a quick primer on how the major Judeo-Christian religions in the US are looking at climate change from the perspective of our summer analyst, a Religion major at Duke University. If 85% of Americans consider themselves "religious", and the major religions are pushing a climate change agenda, might this affect the momentum of investing in the sector?

John J. McKenna
Managing Director

Daniel I Blanchard
Head of Research

Challenging Assignments ... Experience counts.

Over the years, our Managing Directors have undertaken complex investment banking assignments for energy and energy technology firms. And we delivered.

Client	Transaction	Client	Transaction
ABB	Investment	Maine Public Service	Shareholder Value
Aker Maritime	Valuation	Marathon Oil	Advisory
American Ecology	Fairness Opinion	McCormick Energy	Private Equity
Arco (North Slope)	Production Payment	McCormick Energy	Sale
Arco (U.S.)	Loan	McCormick Oil & Gas	Senior Notes
Atmos International	Advisory	McCormick Oil & Gas	Exchange Offer
BNOC (U.K.)	Project Finance	McRae Oil & Gas	Exchange Offer
Cal Resources	Acquisition	Occidental Petroleum	Loan
Callon Petroleum	Private Equity	Ontario Hydro Services Corp	Shareholder Value
Callon Petroleum	IPO	Petro Alliance	Merger
CalResources	Financial Advisory	Petrobras (Brazil)	Commercial Paper
Castle Peak Power (H.K.)	Project Finance	Petrolane Partners	IPO
Computalog	Merger	Petroleum Geo Services	Acquisition
Dacon Corporation	Sale	Petroleum Information	Merger
Dashiel Corporation	Sale	Petroleum Information	Placement
Eastern Group	Acquisition	Prinos Oil (Greece)	Project Finance
Ecology	Fairness Opinion	Proler International	Bank Debt
Enertec Corp.	Merger	Proler International	Asset Sale
Entex	LBO	Puget Sound Energy	Spin Off
EON AG	Acquisition	RETX.com	Private Equity
Esso InterAmerica	Bonds	Rotating Sleeve Engine Technology	Principal Investment
Esso Malaysia	Project Finance	Ruska Instrument	Sale
Exxon Finance	Notes	Saxon Oil & Gas	Merger
Frontera Resources	Advisor	Saxon Oil & Gas	Exchange Offer
Gaia Technologies	Sale	Schlumberger	Acquisition
Giant Industries	IPO	Securad Inc.	Advisory
Giant Industries	Merger	Shell Oil	Medium Term Notes
GNI Group	Sr. Sub. Notes	Silvatech Industries	Advisory
GNI Group	Acquisition	Solectria Corporation	Sale
GPS Technology	Merger	Solectria Corporation	Spin Off
GX Technologies	Private Equity	STM Power, Inc.	Private Equity, Recap
Hadson Corp.	Sale	Sunshine Mining	Subordinated Debt
Hadson Europe	Merger	Tectonic Energy	Merger
Harken Energy	PIPE	Thor Ventures	Merger
Holt Oil & Gas	Merger	Timoney Technology Ltd.	Advisory
Hydrotech	Sale	Tobin International	Sr. Notes
Insource Technology	Convertible Notes	Trans Texas Gas	Debt Refinancing
Kowloon Electricity (H.K.)	Project Finance	Unocal Corporation	Acquisition
Land & General	Acquisition	WEDGE Dia-Log	Acquisition

HAMILTONCLARK

HamiltonClark EnergyTech Index™

Up 29% for the First Six Months

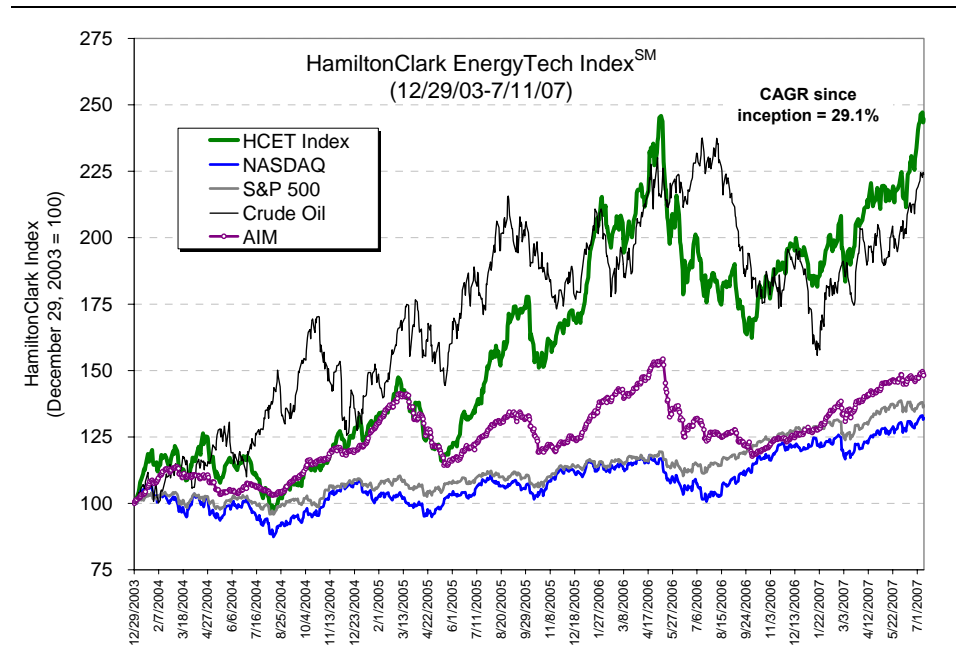
Daniel I. Blanchard

Dan Blanchard recently joined HamiltonClark as head of research, where he will be in charge of the HamiltonClark Quarterly as well as developing research-related products for the firm. Dan previously worked in the research departments of Salomon Brothers in New York and Credit Suisse First Boston in Hong Kong, and most recently as a consultant for the World Bank. He is keenly aware of the energy needs of developing countries and is especially conscious of the impact that China and India will have on worldwide demand over the next 10 years.

Dan has also refreshed the Index by eliminating a number of companies based on recent M&A activity and company performance. New companies, especially a number of Asian solar companies have been added to balance the renewable energy sector.

Excellent Performance. Value or Momentum?

The HamiltonClark EnergyTech Index gained 29% since the start of the year, concurrent with a 24% rise in WTI crude oil prices, while the NASDAQ and the S&P indices rose 9.4% and 7.4%, respectively, during the period. Companies that provide technologies and technology services to the oil and gas exploration & production sector performed particularly well, rising more the 52% (as measured by our sub-index). Renewable energy shares, including the solar companies, also performed well gaining more that 35% based on our group of fourteen companies. Since its inception in December 2003 the Index is up 131% overall, for a compounded annual growth rate of 28%.



The Index remains strongly correlated with movements in crude oil prices, which should support continued performance within the energy tech sector. Spot WTI prices have recently topped \$75 per barrel. Forward contracts are currently priced above \$75 through the remainder of this year, declining slightly to an average \$73.50 in 2008 and not falling below \$71.50 in any period all the way through 2015. So, the combination of continued legislative and regulatory efforts globally in support of clean and green energy, the drive toward increased energy independence, together with the outlook for continued high oil augers well for sustained strength within selected energy technology sectors.

A number of additions have been made to the Index since our last report. It is our intention to continue to expand the number of companies represented in the Index over time. The recent slate of new Chinese solar company listings have been added to the Index as have a number of recent ethanol and wind technology listings. These shares, which have all been added to the Index as of their first day of trade, include:

Companies	Ticker	Description
SOLAR		
Yingli Green Energy	YGE	Chinese maker of photovoltaic products
LDK Solar	LDK	China-based maker of multi-crystalline solar wafers
JA Solar	JASO	China-based seller of mono-crystalline solar wafers
Solarfun Power	SOLF	Chinese Maker of PV cells and modules
Q-Cells AG	QCE.DE	Mono and poly-crystalline silicon-based solar cells
Daystar Technologies	DSTI	Thin-film, copper-indium-gallium-selenide solar cells
ETHANOL		
Aventine Renewables	AVR	Production and marketing of fuel grade ethanol
Verasun Energy	VSE	Production and sale of ethanol and co-products
US BioEnergy	USGE	Produces and markets ethanol and distillers grain
WIND		
Suzlon Energy	SUZLON.NS	Makes and operates wind power generation equipment
OTHER		
Enova Systems	ENA	Digital power management systems for transport vehicles and stationary power generation systems

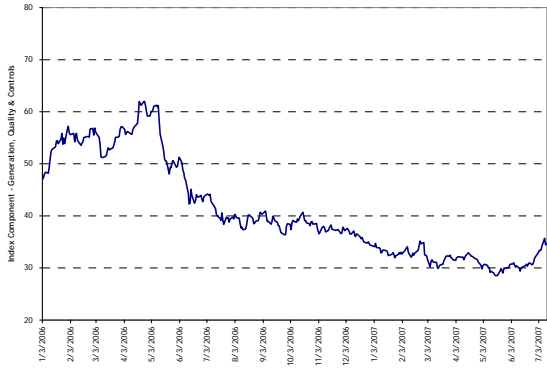
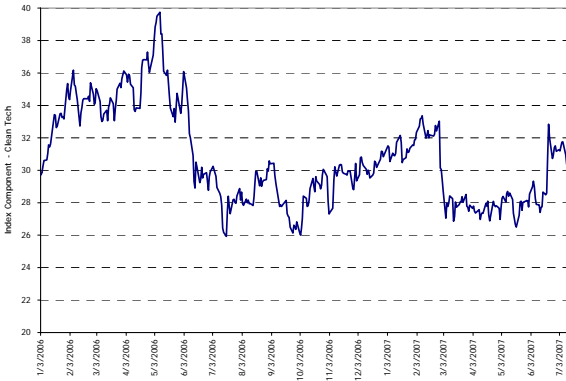
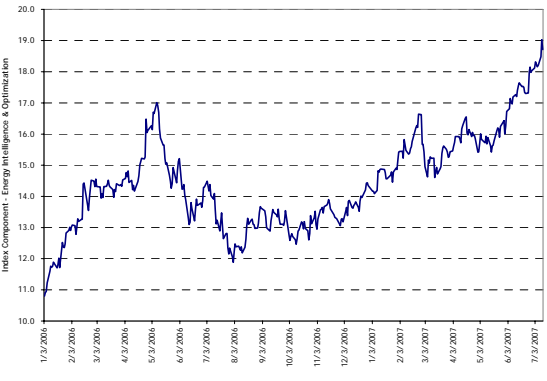
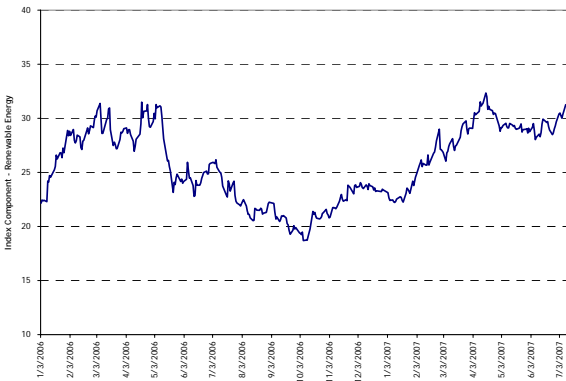
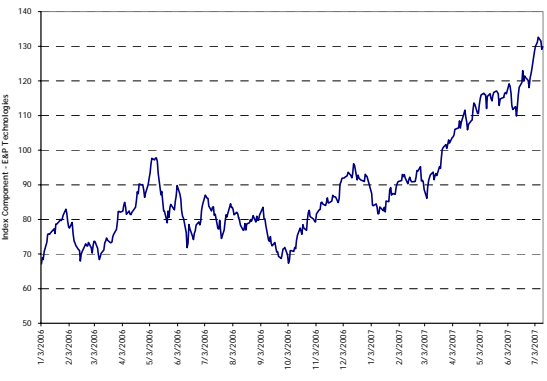
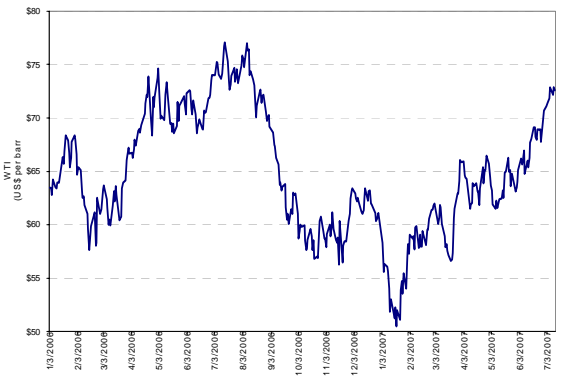
The new solar listings have performed exceptionally well in recent months in the wake of strong growth in new sales orders. We would caution investors on a couple of key points at current price and valuation levels. These stocks have run up dramatically within a very brief timeframe. Actual and forecast sales and profits are real; these are not pre-revenue pipedreams. However a substantial portion of the large sales orders being booked of late are from European buyers, notably from Germany, that are incentivized to buy solar due to huge government subsidies. Solar sales in the US are also benefiting from a 30% tax credit.

We have also removed a number of companies from the Index due to M&A activities. These include Hydril (HYDL), acquired for \$2.16 billion in cash by Tenaris; Intergraph Corporation (INGR), acquired for \$1.3 billion by an investor group led by Hellman & Friedman and TPG; Intermagnetics General (IMGC), acquired by Philips Electronics for \$1.3 billion; Veritas (VTS) merger with Compagnie General de Geophysique (GGY) (both have been removed and the new company, CGG Veritas (CGV), has been added); and we have eliminated Biofuels Corporation (BFC.L) from Index due to pending delisting.

The following table lists all of the companies included in the HamiltonClark Energy Technology Index. They are arranged by sub-sector and are listed by stock performance since the start of the year within each sub-sector. As shown the E&P technology shares and the renewable shares, as well as the energy efficiency group, performed well across the board, while the clean technologies and alternative power generation group showed mixed results.

Company	Ticker	Market Cap (USD million) 7/11/2007	Average daily Turnover	Share Price *		7/11/2007	% Δ from 12/29/2006	
				52-week High	52-week Low			
POWER GENERATION, POWER QUALITY, CONTROLS AND STORAGE								
1	American Superconductor	AMSC	803	0.76%	22.26	6.73	21.85	123%
2	Enova Systems	ENA	88	0.14%	8.07	2.95	6.55	112%
3	Beacon Power	BCON	101	1.53%	2.29	0.76	1.88	90%
4	Xantrex	XTX.TO	336	0.14%	12.05	7.66	12.05	43%
5	SatCon Technology	SATC	55	0.46%	1.68	0.86	1.58	39%
6	FuelCell Energy	FCEL	560	1.91%	9.80	5.86	8.07	25%
7	Cherokee International	CHRK	97	0.18%	5.88	2.90	5.03	25%
8	ITM Power	ITM.L	284	0.42%	193.50	97.75	140.00	22%
9	Vicor Corp.	VICR	568	0.23%	15.87	8.65	13.22	21%
10	Hydrogenics	HYGS	145	0.41%	2.06	0.85	1.52	20%
11	Maxwell Technologies	MXWL	244	1.12%	21.17	10.50	15.63	12%
12	C&D Technologies	CHP	135	0.81%	7.98	3.82	5.30	12%
13	Turbo Power Systems	TPS.L	49	0.12%	11.69	7.50	9.00	12%
14	Capstone Turbine	CPST	176	2.36%	2.26	0.77	1.34	9%
15	Arotech Corporation	ARTX	34	1.56%	4.73	1.44	3.18	4%
16	Ultralife Batteries	ULBI	165	0.50%	13.72	8.04	11.12	1%
17	Energy Conversion Devices	ENER	1,240	3.56%	40.74	28.01	31.93	-6%
18	Ballard Power	BLDP	590	0.50%	7.88	4.18	5.24	-8%
19	Magnetek	MAG	149	0.44%	5.88	2.70	4.99	-12%
20	Medis Technologies	MDTL	493	1.64%	30.49	11.80	14.42	-17%
21	PECO II	PIII	23	0.11%	1.68	0.59	0.80	-18%
22	Plug Power	PLUG	274	0.91%	4.78	2.86	3.17	-19%
23	Electro Energy	EEEI	25	0.22%	2.36	1.01	1.16	-19%
24	Valence Technology	VLNC	124	0.44%	2.24	1.01	1.24	-25%
25	Active Power	ACPW	107	0.37%	3.27	1.49	1.94	-26%
26	Mechanical Technology Inc	MKTY	46	0.51%	2.92	1.20	1.33	-30%
27	Power-One	PWER	386	0.88%	8.00	3.44	4.09	-44%
28	Distributed Energy Systems	DESC	42	2.68%	5.08	0.64	1.32	-63%
CLEAN TECHNOLOGIES								
29	UQM Technologies	UQM	111	0.31%	4.68	2.39	4.36	60%
30	Fuel Tech N.V.	FTEK	738	1.91%	37.93	10.10	32.84	33%
31	Quantum Fuel Systems Tech	QTWW	94	1.46%	3.29	1.06	1.67	4%
32	Azure Dynamics	AZD.TO	123	0.14%	0.98	0.36	0.66	-20%
33	Syntroleum	SYNM	142	1.30%	5.42	2.53	2.62	-24%
34	Fuel Systems Solutions	FSYS	259	1.12%	24.68	11.37	16.68	-24%
35	Millennium Cell	MCEL	42	0.60%	1.40	0.62	0.71	-24%
36	Headwaters	HW	716	2.91%	25.91	17.07	17.29	-28%
37	Rentech	RTK	391	0.76%	5.24	2.00	2.58	-32%
38	Evergreen Energy	EEE	342	2.18%	16.21	5.48	5.48	-45%
39	Catalytica Energy Systems	CESI	23	0.17%	2.07	0.97	1.13	-45%
ENERGY EFFICIENCY, INFORMATION, OPTIMIZATION								
40	Echelon Corp	ELON	888	0.54%	20.55	7.05	18.41	130%
41	Vestas Wind Systems A/S	VWS.CO	12,372	0.91%	395.00	149.50	370.50	61%
42	Itron	ITRI	2,400	1.48%	78.86	45.05	76.78	48%
43	Allied Motion Technologies	AMOT	51	0.15%	7.72	4.56	7.65	11%
44	Badger Meter	BMI	442	0.48%	31.49	20.46	28.55	4%
RENEWABLE ENERGY								
45	Solar Integrated Technologies	SIT.L	152	0.58%	143.00	17.00	110.00	182%
46	JA Solar	JASO	1,800	2.20%	42.76	16.30	38.84	118%
47	Yingli Green Energy Holding	YGE	1,010	2.23%	19.91	10.50	19.91	90%
48	Q-Cells AG	QCE.DE	7,079	0.54%	69.15	28.65	66.03	85%
49	DayStar Technologies	DSTI	97	1.11%	9.88	2.02	6.01	61%
50	Gamesa Corp Tecnologica SA	GAM.MC	9,865	0.72%	29.68	15.90	29.68	42%
51	LDK Solar	LDK	3,711	1.32%	37.00	23.20	35.81	32%
52	Evergreen Solar	ESLR	737	3.69%	12.07	7.16	9.79	29%
53	Suntech Power Holdings	STP	6,360	1.42%	43.12	22.62	43.12	27%
54	Spire Corporation	SPIR	85	0.31%	11.50	6.50	9.81	18%
55	Suzlon	SUZLON.N	10,356	0.19%	1,530.90	813.77	1,449.45	13%
56	Ormat	ORA	1,530	0.60%	44.45	31.75	40.90	11%
57	Solarfun Power Holdings	SOLF	622	1.70%	17.68	8.28	12.89	10%
58	Environmental Power Corp.	EPG	85	0.45%	9.10	3.75	8.58	-3%
59	Ocean Power Technologies	OPT.L	154	2.07%	1,249.50	542.50	760.00	-13%
60	Verasun	VSE	1,251	1.24%	28.10	13.08	16.28	-14%
61	Aventine	AVR	768	2.03%	40.28	13.97	18.34	-21%
62	US Bioenergy	USB	808	0.49%	17.00	10.29	11.88	-24%
EXPLORATION AND PRODUCTION TECHNOLOGIES								
63	Bolt Technology Corp	BTJ	296	4.85%	56.43	12.02	52.73	172%
64	Englobal Corp	ENG	320	0.69%	12.90	5.05	12.90	107%
65	Dawson Geophysical	DWSN	453	2.05%	64.84	25.85	58.04	69%
66	Oceaneering International	OII	3,010	1.05%	57.53	28.81	57.53	56%
67	Oil States International	OIS	2,130	1.24%	44.67	25.40	44.67	49%
68	Atwood Oceanics	ATW	2,160	1.35%	72.15	40.17	70.54	44%
69	Core Labs NV	CLB	2,450	1.02%	105.26	55.25	105.26	36%
70	Drii Quip	DRQ	1,930	1.23%	52.04	31.56	48.84	34%
71	Tetra Technologies	TTI	2,130	1.20%	30.14	21.61	30.14	31%
72	Input Output Inc	IO	1,280	1.00%	17.11	8.42	16.46	30%
73	CGV Veritas	CGV	1,470	0.53%	53.25	29.12	53.25	22%
74	Petro Geo ADR	PGS	4,830	0.05%	27.16	14.45	26.81	22%
75	RPC Inc	RES	1,550	0.54%	18.70	11.39	16.50	5%

* Non-US listings in traded currency

<p>Power Generation, Controls and Quality</p> 	<p>Clean Technologies</p> 
<p>No. of Companies: 29 Market Cap: \$8.2 billion YTD Return: 2%</p>	<p>No. of Companies: 11 Market Cap: \$2.98 billion YTD Return: -2.5%</p>
<p>Energy Intelligence and Optimization</p> 	<p>Renewable Energy</p> 
<p>No. of Companies: 5 Market Cap: \$16.1 billion YTD Return: 32.5%</p>	<p>No. of Companies: 14 Market Cap: \$33.3 billion YTD Return: 35.5%</p>
<p>Exploration and Production Technologies</p> 	<p>Oil Price (\$/barrel)</p> 
<p>No. of Companies: 11 Market Cap: \$24.0 billion YTD Return: 49.0%</p>	<p>YTD Change: 24.4%</p>

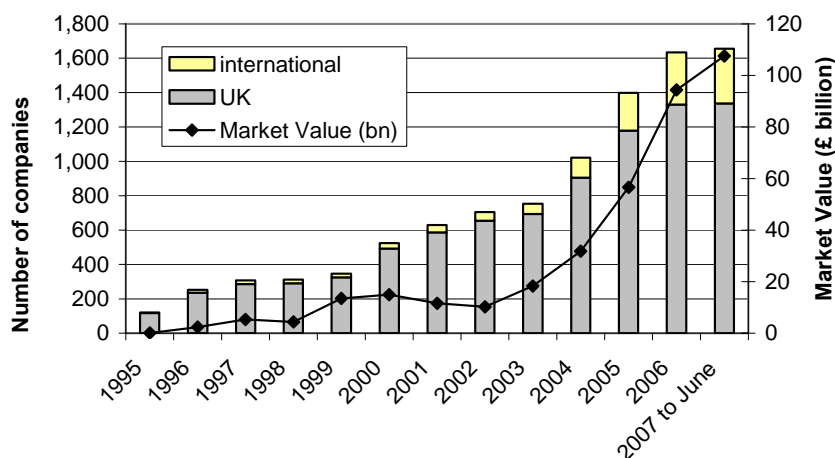
AIM Update– Energy Tech Stocks Did Quite Well

Daniel I. Blanchard

Energy Technology Companies on AIM

The AIM market has continued to perform well, gaining over 16% since the start of this year. Some 138 companies have raised new capital in the market so far this year, attracting over £9.8 billion, and pushing the number of AIM listed companies to 1,656 in total.

AIM total companies and market value through June 2007



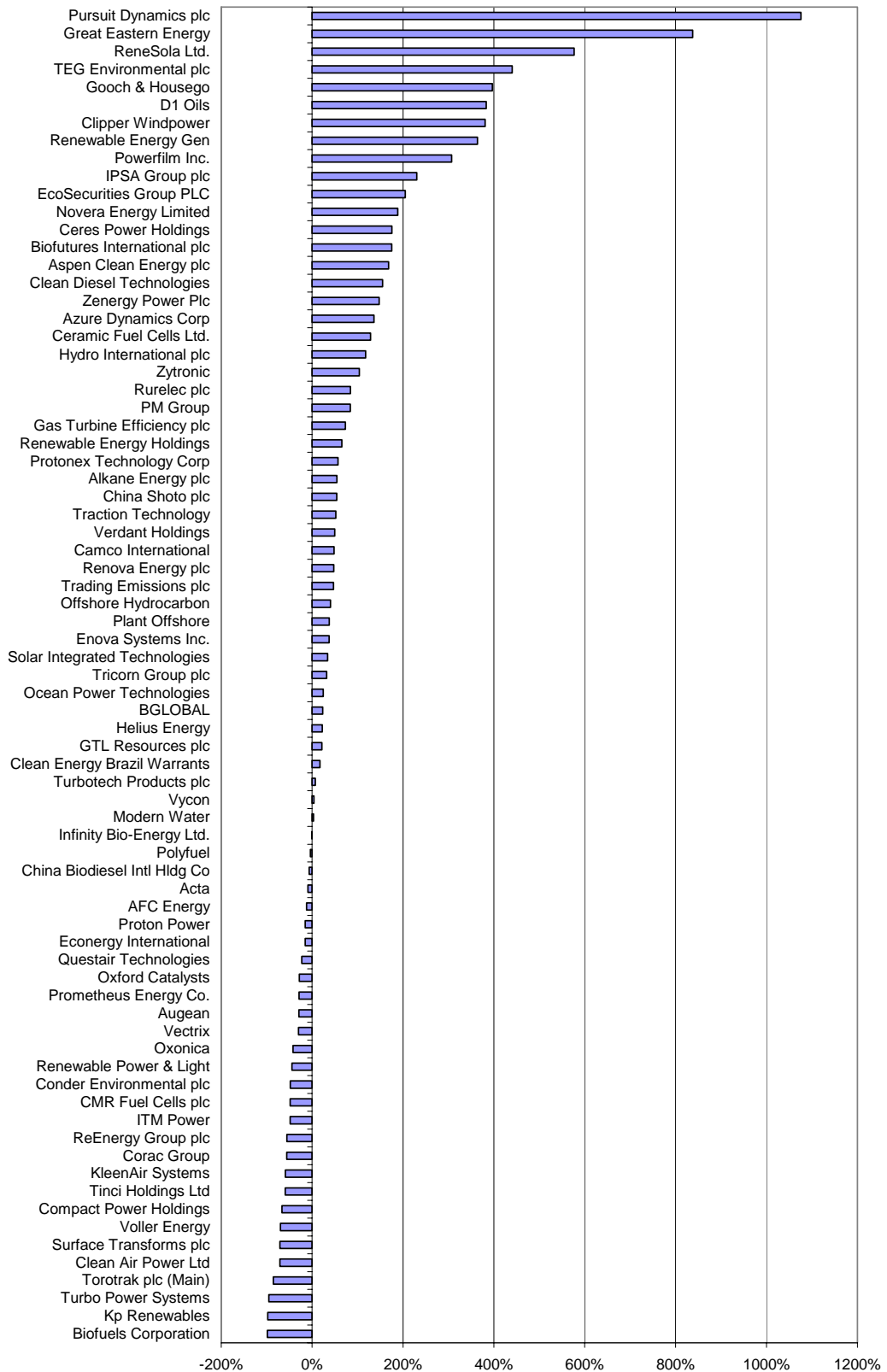
The roster of AIM listed energy technology companies also continues to grow. Since our last publication in Q4 2006, 12 new energy tech IPOs have taken place, bringing the total to 75 companies that we track. These new listings have raised over £235 million (approximately US\$467 million), representing an aggregate market valuation of £518 million (US\$1.03 billion). The new listings have performed well having gained 9% on average since beginning to trade.

Overall, our AIM listed tracking group has turned in an average 35% rise in market capitalizations since listing. The following table presents our AIM energy tech tracking group, capital raised, equity value at listing, and current market capitalizations, ordered by date of listing. As can be seen the number of energy tech listings accelerated sharply in recent years, rising from ten new listings in 2004 to 22 in each of 2005 and 2006. The average capital raise within the group in 2005 and 2006 was £20.1 million and £29.7 million respectively. 2007 is off to a good start though a bit slower than average. The seven new names thus far have represented an average equity fund raising of £12.4 million.

Ticker	Company	Listing Date	Amount Raised (£mn)	Valuation @ Listing (£mn)	06/18/2007 Market Cap (£mn)	Mkt Cap Δ since listing	Company Description	
1	POGL	Plant Offshore	9-Jul-07	2.0	20.0	27.5	38%	EPCM services to global energy sectors
2	MWG	Modern Water	12-Jun-07	30.0	70.0	72.1	3%	Water supply and treatment
3	VRX	Vectrix	24-May-07	33.7	135.0	94.7	-30%	Two wheel electric vehicles
4	BGBL	BGLOBAL	25-Apr-07	7.8	30.4	37.4	23%	Smart metering services
5	AFC	AFC Energy	24-Apr-07	2.4	20.2	17.8	-12%	Alkaline fuel cells
6	VYCO	Vycon	9-Mar-07	9.2	26.9	28.0	4%	High-speed flywheel based energy storage
7	HEGY	Helius Energy	31-Jan-07	2.0	18.0	22.0	22%	Biomass fired electricity generation plants
8	VET	Verdant Holdings	22-Dec-06	3.1	3.4	5.1	50%	Environmental interests
9	TRAC	Traction Technology	21-Dec-06	0.8	9.3	14.2	52%	Hybrid and all-electric vehicle propulsion
10	CEBW	Clean Energy Brazil Warrants	18-Dec-06	100.0	100.0	117.0	17%	Brazilian sugar and bioethanol sector.
11	RPL	Renewable Power & Light	14-Dec-06	40.0	60.0	33.4	-44%	Biodiesel and other or renewable power
12	PPS	Proton Power	31-Oct-06	4.67	25.1	21.2	-15%	Fuel cell system developer
13	PEC	Prometheus Energy Co.	14-Sep-06	-	55.2	39.5	-28%	Wastegas (LFG, biogas, CBM) to LNG
14	ZEN	Zenergy Power Plc	22-Aug-06	-	35.9	88.8	147%	Superconductor (HTS)
15	SOLA	ReneSola Ltd.	8-Aug-06	26.5	79.4	537.5	577%	Solar PV wafers
16	TNCI	Tinci Holdings Ltd	31-Jul-06	2.1	37.1	15.1	-59%	Flue gas desulfurization (SOx removal)
17	PTX	Protonex Technology Corporation	3-Jul-06	8.8	36.8	57.7	57%	PEM fuel cells
18	CBI	China Biodiesel Intl Hldg Co	30-Jun-06	8.0	38.6	36.1	-6%	Biodiesel
19	PFLM	Powerfilm Inc.	31-May-06	9.6	39.6	161.2	307%	Thin film solar PV (a-Si PV)
20	TRBO	Turbotech Products plc	8-May-06	4.8	10.9	11.7	7%	Enhanced heat transfer, efficiency
21	IBI	Infinity Bio-Energy Ltd.	1-May-06	272.9	341.2	339.1	-1%	Ethanol project development in S. America
22	BIP	Biofutures International plc	1-May-06	3.0	3.7	10.2	175%	Biofuels trading
23	OCG	Oxford Catalysts	26-Apr-06	16.6	64.6	46.3	-28%	Catalysts for GTL, fuelcells, H2 production
24	CAO	Camco International	25-Apr-06	29.9	83.1	123.1	48%	CO2 brokers
25	KSI	KleenAir Systems International	20-Mar-06	1.3	8.5	3.5	-59%	Nox control technology
26	CFU	Ceramic Fuel Cells Ltd.	2-Mar-06	37.2	61.2	140.1	129%	SOFC
27	CAP	Clean Air Power Ltd	28-Feb-06	10.0	26.3	7.7	-71%	IC Engine efficiency
28	ECG	Economy International	23-Feb-06	60.0	87.0	73.5	-16%	Carbon finance/brokering/consulting
29	RUR	Rurelec plc	6-Jan-06	14.0	23.0	42.5	84%	Electricification in remote areas
30	RGY	ReEnergy Group plc	30-Dec-05	6.5	28.0	12.5	-56%	Waste management and power gen
31	CMF	CMR Fuel Cells plc	22-Dec-05	10.3	38.9	20.1	-48%	Stacks for fuel cells for electronics market
32	GTE	Gas Turbine Efficiency plc	21-Dec-05	5.4	16.0	27.6	73%	GT efficiency enhancing technology
33	ECO	EcoSecurities Group PLC	19-Dec-05	54.0	137.0	418.0	205%	Carbon/CO2 broker
34	ACEP	Aspen Clean Energy plc	15-Dec-05	1.0	1.1	3.0	168%	Biofuels
35	GEEC	Great Eastern Energy Company	13-Dec-05	19.0	19.0	178.1	838%	Coal bed methane
36	CHNS	China Shoto plc	6-Dec-05	6.0	26.0	40.0	54%	Battery and UPS
37	ACTA	Acta	4-Oct-05	8.0	44.8	40.7	-9%	Fuel cell
38	IPSA	IPSA Group plc	20-Sep-05	8.0	14.8	48.7	230%	South Africa IPPs
39	CWP	Clipper Windpower	15-Sep-05	75.0	180.8	869.1	381%	Wind turbine and projects
40	GTL	GTL Resources plc	1-Sep-05	24.0	28.4	34.5	22%	Stranded gas to liquids
41	KPR	Kp Renewables	29-Jul-05	3.0	57.4	1.2	-98%	Renewable project development
42	ENV	Enova Systems Inc.	26-Jul-05	11.5	33.7	46.3	37%	Hybrid electric and electric vehicles
43	OXN	Oxonica	20-Jul-05	8.3	35.3	20.4	-42%	Nano materials
44	PYF	Polyfuel	5-Jul-05	8.0	23.0	22.2	-4%	Direct methanol fuel cell
45	RVA	Renova Energy plc	10-Jun-05	9.1	18.2	26.9	48%	Ethanol production and distribution
46	NVE	Novera Energy Limited	1-Jun-05	5.3	31.8	91.7	189%	Renewable energy
47	RWE	Renewable Energy Gen	16-May-05	25.0	25.0	116.0	364%	EU focused renewable energy
48	TRE	Trading Emissions plc	21-Apr-05	135.0	135.0	198.5	47%	Carbon emissions trading
49	HYD	Hydro International plc	12-Apr-05	-	13.5	29.5	118%	Storm and waste water management
50	REH	Renewable Energy Holdings	11-Feb-05	10.0	14.5	24.0	65%	Investments in RE tech and projects
51	VLR	Voller Energy	1-Feb-05	10.0	17.8	5.4	-70%	Portable fuel cell systems
52	QAR	Questair Technologies	21-Dec-04	6.5	27.8	21.5	-23%	Hydrogen and gas purification
53	AUG	Augean	15-Dec-04	86.1	117.9	83.5	-29%	Environmental controls
54	CWR	Ceres Power Holdings	25-Nov-04	22.0	66.1	182.3	176%	Solid oxide fuel cells
55	DOO	D1 Oils	29-Oct-04	13.0	34.4	166.2	383%	Bio diesel from energy crops
56	ADC	Azure Dynamics Corp	12-Aug-04	-	25.0	59.0	136%	Hybrid electric drive systems
57	TEG	TEG Environmental plc	27-Jul-04	1.9	8.2	44.1	440%	Waste reduction technology and service
58	BFC	Biofuels Corporation	17-Jun-04	32.7	110.5	1.4	-99%	Biodiesel refinery
59	ITM	ITM Power	11-Jun-04	29.0	294.3	152.1	-48%	Polymer PEM fuel cells
60	SIT	Solar Integrated Technologies	12-May-04	12.3	57.2	76.8	34%	PV technology and services
61	OHM	Offshore Hydrocarbon Mapping	11-Mar-04	15.5	49.3	69.3	40%	Electromagnetics tech for E&P
62	OPT	Ocean Power Technologies	5-Oct-03	25.0	62.8	78.2	24%	Wave technology
63	ALK	Alkane Energy plc	19-Sep-03	-	11.0	17.0	55%	Biogas/methane to electricity
64	SCE	Surface Transforms plc	24-Sep-02	1.3	8.4	2.5	-71%	Carbon fiber tech for vehicle systems
65	PGP	PM Group	1-May-02	4.5	12.5	23.0	84%	Engineering services
66	CPO	Compact Power Holdings	24-Apr-02	10.2	26.1	8.8	-66%	Pyrolysis gasification technology
67	TCN	Tricorn Group plc	5-Dec-01	1.6	7.7	10.2	32%	Environmental engineering tech service
68	CDT	Clean Diesel Technologies	1-Dec-01	3.6	17.7	45.2	155%	Clean diesel catalyst technology
69	CRA	Corac Group	4-Jul-01	14.4	77.7	34.2	-56%	IP-based engg. company - PMG, Drives
70	PDX	Pursuit Dynamics plc	23-May-01	4.2	17.7	208.1	1076%	Pumping technology for cleanups, O&G
71	CDE	Conder Environmental plc	18-Dec-00	3.5	7.5	3.9	-48%	Pollution control
72	ZYT	Zytronic	6-Jul-00	6.6	15.5	31.6	104%	Optical filters technology
73	TPS	Turbo Power Systems	1-Jul-00	31.3	555.3	25.0	-95%	Power conversion and supply equipment
74	TRK	Torotrak plc (Main)	1-Jul-98	-	294.3	43.5	-85%	CVT/IVT manufacturer
75	GHH	Gooch & Housego	12-Dec-97	5.9	17.8	88.4	397%	Electro-optics; light measurement
AVERAGE			20.2	58.8	79.6	35%		

Sources: Market capitalization data from www.bloomberg.com and www.londonstockexchange.com.

AIM listed energy technology shares ranked by market capitalization change since listing



AIM or Other Junior Exchanges– Why We Like AIM

Daniel I. Blanchard

For a small cap energy technology company considering a public equity offering, a range of factors will come into play in determining on which market to list. Some of the initial considerations that are typically raised focus on (i) the variances in regulatory requirements between potential markets, (ii) the related listing and maintenance costs associated with each location, and (iii) the speed and ease with which a company can list. Other considerations however, will have a much greater long term impact on a company, and need to be taken into account, such as:

- Which market will offer the most favorable valuation levels?
- Which exchange will offer the level of liquidity that investors will demand?
- Which market will provide the greatest stability in trading price and valuation?

Naturally the success of a public listing depends in large part on company management, the successful execution of a company's stated business plan, and some amount of good fortune. However, market related factors are also of great importance. Factors such as the following are of consequence to the considerations noted above and vary across markets:

- The types of investors that dominate daily trade (institutional versus retail)
- The investment objectives and trading behavior of the main investor classes in the market
- The appetite in the market for small cap growth companies
- The size of the capital pool available for the sector

A key question that management will want to consider as it moves forward is "which market enjoys the participation of investor types whose interests are best aligned with our funding and growth objectives?" For small cap energy technology companies we believe that the AIM offers a number of distinct advantages in this regard over other junior exchanges.

The interplay of investor classes, liquidity, and valuation

Valuation levels and liquidity are generally determined by the balance of the two investor classes driving the market: institutional investors *and* retail investors. In general, institutional investors bring large pools of capital and visibility for new companies, whereas retail investors bring market liquidity. Retail investors bring liquidity to markets because they generally have shorter term investment horizons than institutions.

Share valuations are determined by a number of dynamic and interrelated elements:

- **The Size of the Capital Pool and Institutional Expertise in the Sector.** From one perspective, valuations are dependent on the size of the investment capital pool available for growth companies in the given market, and the willingness of investors in that market to pay for expected growth. A characteristic of AIM is that the pool of funds available to companies grows exponentially as market caps increase. There are more funds that are able to invest in companies with market caps in excess of £100 million than in those with smaller market caps
- **Liquidity.** Liquidity is also a key determinant of valuation, as investors need to know that they can easily move into and out of positions. Share valuations will be penalized with a "liquidity discount" if trade levels are such that positions can not be built and/or exited quickly by a typical target investor. However excess liquidity can damage valuation if it leads to stock price volatility

(independent of overall market volatility). Excessive retail involvement is often correlated with volatility in both share prices and valuation multiples.

- **The Right Investor Balance (Institutional and Retail).** The key message is that critical to a stable share valuation, in addition to strong execution of a company's business plan, is finding the right balance of institutional and retail involvement.

In delineating some of the advantages of the AIM market, it is useful to draw some comparisons with the TSX, the senior Canadian stock exchange, and the TSX Venture Exchange (TSXV). These exchanges have historically been more liquid than the AIM due largely to higher levels of retail involvement. As an indicator of this, companies with dual share listings in both Toronto and London generally see a majority of the trade volume in the Canadian listed shares. In fact, the TSXV is chiefly a retail exchange.

The AIM exchange on the other hand is primarily an institutional, block trading market. Unlike most other markets, IPOs on the AIM typically include only institutional investors and thus are more like private placements. A typical AIM IPO might for example be sold to a limited group of 30-35 investors all of which might be institutions. In this example, retail trade would not develop until after the IPO is launched.

Europe has a highly developed class of institutions focused solely on small cap growth

The European market, and by extension the AIM exchange, benefits from a much deeper and more developed pool of investment capital that is focused on small and mid cap equity, and in particular in the energy technology space, as compared to both the US and Canada. This has been driven in part by the fact there has been a much earlier acceptance among European institutions of the importance and value of clean and green energy technologies relative to their North American peers. Markets that have strong participation by institutions that recognize the potential value opportunities in small cap growth technologies will tend to provide stronger valuation levels. This has shown itself to be the case in London and on the AIM, as discussed below.

The reputation, which is largely valid, is that lighter regulation and lower costs have drawn companies to the AIM exchange. (The more flexibly regulated AIM market has become a viable alternative to many small and mid-cap IPOs suddenly saddled with onerous Sarbanes-Oxley related requirements and costs.) However, what is keeping them there and what we expect will drive continued investment in this market and in this class of listings will be the deeper and more developed pool of European capital. The institutional ownership of shares on the AIM is significant higher than in North America. Recent surveys indicated institutional ownership of the AIM market was roughly 60% in 2006.

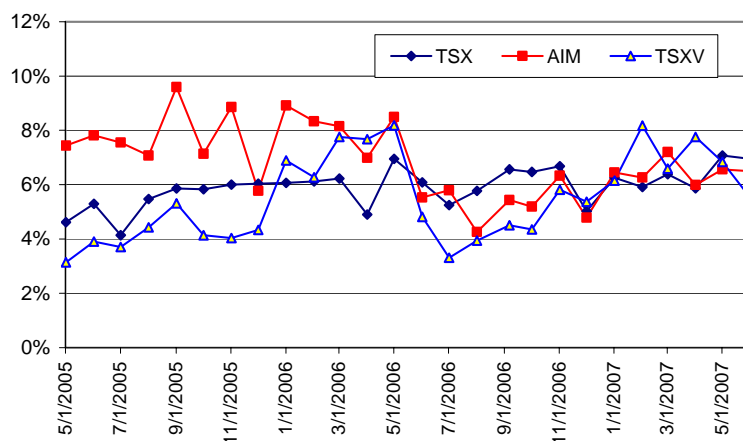
Liquidity on the AIM has increased as the market has matured

The often cited claim that the AIM provides less liquidity than other junior exchanges does not bear itself out in the numbers. Since its inception in 1995, average daily trade volumes and trade value on the AIM have grown dramatically. This is most notable over the past five years, which have seen average daily trade values increase from below £20 million in 2002 to nearly £230 million in 2006.

Looking more closely at monthly volumes over the past two years shows that turnover levels on the AIM in comparison with volumes on the TSX and the TSXV were actually higher for much of 2005 and 2006, and have more-or-less equalized in recent months. The average monthly turnover data for the past two years (measured as the value of shares traded during the month divided by the market capitalization at the end of the month) shows that:

- monthly turnover on AIM averaged nearly 8% during the mid-2005 to mid-2006 period while
- turnover on TSX and TSXV trended in the 4% to 6% range during the same period, and;
- turnover rates on the three exchanges have converged within the 5% to 7% range over the past 12 months through June 2007.

Average trade value turnover on the AIM, TSX and TSXV exchanges



Sources: www.tsx.com, www.londonstockexchange.com

The table below illustrates the same information with the inclusion of the data in summary form used in deriving the turnover statistics. These provide a picture of the relative sizes of these markets.

Average trade value turnover on the AIM, TSX and TSXV exchanges
Amounts in local currencies

	TSXV ¹	TSX ¹	AIM ²
Trade Value			
2007 Jan-Jun	25,182	816,928	39,822
2006 Jan-Dec	33,277	1,416,059	57,986
2005 May-Dec	9,866	757,720	28,556
Market Cap ³			
2007 Jan-Jun	61,350	2,121,962	102,175
2006 Jan-Dec	48,217	1,966,780	75,269
2005 May-Dec	29,613	1,746,399	46,753
Turnover			
2007 Jan-Jun	6.8%	6.4%	6.5%
2006 Jan-Dec	5.8%	6.0%	6.4%
2005 May-Dec	4.2%	5.4%	7.6%

¹ TSX and TSXV trade value and market cap data are in millions of Canadian dollars.

² AIM trade value and market cap numbers are in millions of UK pounds.

³ Average of month-end market caps over the periods measured.

AIM listings earn valuations on par with NASDAQ and at premium to other junior markets

The NASDAQ and the LSE markets typically trade at a premium to the Canadian peer, the TSX. The current one-year forward P/E on the NASDAQ of nearly 27x and the LSE at 22x compares with a multiple of 20x on the TSX¹. We do not have current comparable ratios for junior markets, however we have seen that in years past, many of the Canadian small- and mid-cap IPOs have listed at multiples discounted to similar US listed companies by as much as 50%, while AIM listings has witnessed valuation multiples in line with similar sized listings on the NASDAQ.

¹ Source: TSX Analyst Day Presentation dated June 7, 2007.

A Number of other Factors Help Make AIM an Appealing Place to List***Tax structure encourage longer-term retail ownership, reduces volatility***

A revised capital gains tax structure was introduced in the UK in 1998. The program, referred to as “taper relief” allows for retail investors in AIM listed shares to benefit from gradually reduced capital gains tax rates based on length of the period of ownership.

Less onerous financial reporting and disclosure requirements

The AIM requires that listed companies provide financial reports on a bi-annual basis, rather than on a quarterly basis as in North America. This tends to result in lower trade volumes – increased news flow generally results in increased trade volumes – and reduced price volatility. It also allows management to dedicate more time, resources, and energy to the execution of its business plan. M&A transactions by AIM listed companies can typically be executed without the need for shareholder approval.

Pre-IPO research is typically part of the package

The use of analyst research by underwriters during the marketing phase of AIM IPOs (not generally a requirement in other small and mid cap markets), is an advantage as it educates the investment community ahead of the offering and provides financial forecasts that help investors to value the company ahead of the IPO.

A European or otherwise global business focus is favored by AIM investors

For any company considering an AIM listing there is another consideration. AIM investors tend to gravitate toward companies that have a European connection or a global scope to their business model. This plays well in the energy technology sectors, as most companies in this space regardless of their size tend to operate with a global business model.

Markets compete with each other for the small to mid-cap listings

Comparing the TSX and the AIM exchanges, there is significant competitive overlap in terms of the size and types of companies they attract. The TSX Venture exchange tends to dominate in share listings for companies with market capitalizations in the \$5 million to \$25 million range, while the TSX tends to list those in the \$50 million to \$1.0 billion range. The majority of AIM listings overlap both of these with a large part of their listings for companies with initial market caps in the \$15-150 million range.

Listing and maintenance costs are comparable

The cost of listing new shares on the AIM and the TSX, including insurance, accounting and legal fees, compliance costs, other fees and expenses, marketing and related costs, and annual maintenance costs are comparable. (The cost of a NASDAQ listing is more than double that level).

Concluding Thoughts

We maintain that for a growth company looking to raise public equity financing it must be committed to the new responsibilities that will be placed upon management in the endeavor. A solid growth story, strong execution and management, and open communications with new owners will bestow many benefits including increased access to additional capital, currency to grow and/or make acquisitions, ability to incentivize staff, opportunities for initial investors to exit, increased public profile, etc. AIM has thus far served as an ideal location for many small cap energy tech companies to find their legs as a public company and has developed into a market that is well suited to the needs and conditions of the sector.

The Theology of Climate Change – Is Religion Creating Momentum Investing?

John J. McKenna and Duncan Elizabeth McKenna

Based on recent valuations of energy-tech and clean-tech stocks, it is clear that the sector has benefited from momentum investing. Concern for the health of the planet is clearly affecting how investment decisions are made...and which companies are seeking to connect to this theme. GE's Ecomagination™, Wal-Mart's "Sustainability 360" or GM's "Live Green Go Yellow™" to name a few, are doing a great job in linking green with green as an investment thesis of doing well by doing good.

In discussing this recently with my daughter, a Religion major at Duke University, she pointed out to me the influence that organized religions in the US are having on climate change issues. She suggested that maybe this influence was translating itself into part of the momentum that we were seeing in energy-tech stocks.

Her belief is that climate change is a "uniting" issue among major religions, that we have only scratched the surface of the theology of climate change, and that over time; climate change will be linked with other socio-religious themes like poverty and education.

Here is a short primer on what is going on with religion and climate change in the US. Something to think about if you are developing a 10-15 year asset allocation model.

Linkage: Religion and the Environment

Have green house gas emissions become akin to sin?

With growing information about how carbon emissions are aiding the destruction of our environment, many religions are banding together with an unlikely partner: *science*. The technology of today is clean. Our energy future is not just coal and oil, but ethanol, wind and solar energy.

Themes to "reduce, reuse, recycle" are taught in kindergartens while campaigns such as "Recycling Karma" are spread throughout our universities. Public figures like Al Gore, Steve Carell, and Morgan Freeman are preaching the "religion" of green energy and religious leaders are creating doctrines to influence their congregations to live in this new, clean-tech world. In February 2004 a petition signed by over 1,200 religious leaders implored the US Senate to take steps in controlling carbon emissions. Various churches have made their sanctuaries virtually carbon free while others are looking into a variety of renewable energy sources.

According to Diana Eck, Professor of Comparative Religions at Harvard, "the people of the United States now form the most profusely religious nation on earth." The most recent US census found that 85% of Americans are religious, over 82% affiliate themselves with a Judeo-Christian religion, and there are over 450,000 churches and places of worship in America some with as many as 50,000 people in their congregations.

There is no other consolidated consumer market in the US that is larger than organized religion. Whereas in the past, Judeo-Christian religions tended to fight against scientific

advances; today, they work hand-in-hand and put aside their religious differences for unity on the issue of environmental "justice".

According to the National Council of Churches (membership of 45+ million) and the Coalition on the Environment and Jewish Life,

"it is a matter of justice for poor people who will be most severely impacted by changing weather and rising seas and who have the least capacity to adapt . . . For future generations who will inherit unstable climate and potentially catastrophic rises in sea level, migration of tropical diseases and disrupted agricultural production . . . Justice for all of creation is threatened by climate change."²

So what does religion have to do with investing?

- Cleantech investors should recognize the potential for a religious influence in making investment decisions. With doctrines and sermons, priests, ministers and rabbis have the potential to influence views on clean and renewable energy. The following themes generally summarize the position of each of the larger organized religions in the US.
 - **Roman Catholics. Population: 50,873,000**
 - "Creation is exposed to serious risks by life choices and lifestyles that can degrade it...environmental degradation makes the lives of the poor especially unbearable." – August 2006 Pope Benedict XVI
 - "At its core, global climate change is not about economic theory or political platforms, nor about partisan advantage or interest group pressures. It is about the future of God's creation and the one human family. It is about protecting both 'the human environment' and the natural environment." (*Global Climate Change: A Plea for Dialogue, Prudence and the Common Good*, United States Conference of Catholic Bishops, 2001, p.1).
 - **Baptists. Population: 33,830,000**
 - "the best way to preserve energy is efficiency. And efficiency is not an economic cost; it's an economic benefit...waste to me is a sin. Why do we take a resource that has been given to us and just squander it? . . . There are plenty of biblical warnings about being good stewards and to waste, we are being bad stewards." – Associated Baptist Press
 - American Baptist institutions, congregations and individuals call on their members to:
 - Join in global, local and personal efforts to safeguard the world's atmospheric integrity and quality by (i) building and renovating our homes and church facilities to be energy efficient and beginning programs of energy conservation and awareness, (ii) striving to eliminate the use of products that contain CFC's, and (iii) using public transportation, car pooling, and telephone conferencing. (8189:6/91 American Baptist Resolution on Global Warming)

² <http://www.protectingcreation.org/index.html> July 2007

- **Mainline and Charismatic Protestants. Population: 74,786,000**

(Including Church of Christ, Lutherans, Non-denominational, Methodists, and all members of the National Council of Churches)

- “It is a sacred responsibility to steward the earth and not a license to abuse the creation of which we are apart.” – National Association for Evangelicals
- Ensure that efforts to curb global warming prevent further environmental and societal tragedies. As people of faith we are guided by the value of sustainability. Sustainability requires that we enable biological and social systems that nurture and support life not be depleted or poisoned. To reach our goal of sustainability, we require that legislation:
 - Maintain God’s good creation by preventing policies that place the burden of our lifestyles on one aspect of creation and encouraging policies that sustain and restore vibrant ecosystems with economic justice so that communities of life can flourish for generations to come.
 - Respond to global warming in a way that reflects the interdependence of all of God’s creation.
 - Support energy sources that are renewable, clean, and avoid destruction of God’s creation.
- “Technology will be a blessing if it meets the most important needs, serves God’s created order, and respects the cycles of nature. Technological development must not be regarded as an end in itself but as an instrument in the service of life. Climate change confronts us with the task of rediscovering technology’s servant role.” (*Its God’s World: Christians, Care for Creation and Global Warming*” by Vera K White published by the Interfaith Climate Change Network).

- **Episcopalians. Population: 3,451,000**

- “That the 75th General Convention of the Episcopal Church recognize that the use of fossil fuels harms air quality and public health and is contributing to changes in the global climate that threaten the lives and livelihoods of our neighbors around the world . . . That the Convention reaffirm Resolution 2000-A048, adopted by the 73rd General Convention, encouraging all members, congregations, dioceses, and other church institutions to use environmentally safe and sustainable energy sources” *Eco-Justice Resolutions from 75th General Convention (2006) Environmental Stewardship Resolution C018*

- **Orthodox. Population: 645,000**

- That each Church should examine its use of land, buildings and investments which it controls or influences, to ensure that they are used in a way which will not cause environmental damage, but will improve the environment. - *Conclusions of the Inter-Orthodox Conference on Environmental Protection.*

- **Judaism. Population: 3,137,000**
 - “On behalf of the Jewish community, I urge you to choose life. Choose the blessing of a clean safe and prosperous economy run with sustainable, efficient, domestically-produced technologies and energy sources.” - Mark X. Jacobs (Director, Coalition on the Environment and Jewish Life) at a recent Congressional Hearing

Other Data Points...More Activism on the Horizon...Adoption of Renewable Energy by Religious Organizations

The adoption of renewable energy sources by religious institutions will not be immediate. However, thousands of congregations have been urged to join ENERGY STAR in order to measure and monitor their energy expenditures. In the next ten years, churches and other congregations will be purchasing renewable energy instead of conventional power.

- In July 2007, the Vatican released a statement that they will be the first carbon free sovereign nation because of their new environmental initiative. His Most Reverend Eminence Cardinal Paul Poupard stated, "The Book of Genesis tells us of a beginning in which God placed man as guardian over the earth to make it fruitful. When man forgets that he is a faithful servant of this earth, it becomes a desert that threatens the survival of all creation." The Vatican accepted an offer from KlimaFa a forest subsidiary of the Plantkos Corp. to plant a forest in Europe in order to offset the Vatican's carbon emissions.³
- In San Rosa California, the Protection of the Holy Virgin-St. Seraphim of Sarov Church is relying solely on solar power from a solar panel on their grounds. Chris Frye a member of the parish as well as an employee of an alternative energy company stated, "It is fitting then that the Orthodox Church take the lead in our community by setting an example that will show the way for society...By replacing hydrocarbons with photovoltaics, we are reducing greenhouse emissions and other toxics that pollute the air and water."⁴

The Message

The message, delivered by organized religious groups, is to conserve the environment given by God to his people.

The US has in recent years witnessed the ability of religious groups to generate previously unheard of ground-swell support to causes of national concern. While we cannot draw a direct connection at this point between the trends highlighted in this report and an impact on the energy tech investment sectors, we note that religious constituents across the US (and elsewhere) may very well become a recognizable and quantifiable driver to increased growth and investment momentum across these sectors in the foreseeable future.

³ Randy Hall, "Vatican Aims to Become 'World's First Carbon Neutral State'" July 12, 2007 : CNSNews.com Staff Writer/Editor

⁴ <http://www.incommunion.org/articles/previous-issues/an-orthodox-parish-turns-to-solar-power>

Authors' Certification

We, John J. McKenna, Daniel I. Blanchard and Duncan E. McKenna certify that the views expressed in this report to the best of our knowledge, accurately reflect our personal views about the subject companies and their securities, and that we have not been, are not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations or views in this report.

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