

Company Update

ecoTECH Energy Group, Inc. ECTH Awarded \$60M+ Contract

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ecoTech Energy Group, Inc. (OTC:BB – ECTH - \$0.34)

Six-Month Price Target: \$1.25

Rating: Speculative Buy

COMPANY SNAPSHOT

Headquartered in Seattle, Washington, ecoTECH Energy Group, Inc. is an early stage renewal energy company. ecoTECH is on track to manufacture biomass-fueled, zero-carbon footprint, 24/7, power stations that produce renewable and sustainable "green" energy supply. Leveraging its proprietary technology, ecoTECH plans to build 5 of these Combined Heat and Power (CHP) Power Stations in North America to provide electricity, using local wood waste biomass. The Company is also using its technology to produce *Torrefied Wood Briquettes* for use as an alternative to coal. ecoTECH has recently been awarded a \$36M contract for its waste-to-concrete offerings.

KEY STATISTICS

Price as of 1/5/12	\$0.34
52 Wk High – Low	\$0.60 – 0.11
Est. FD Shares Out.	196.2M
Market Capitalization	\$66.7M
3 Mo Avg Vol	7,700
Exchange	OTC:BB

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

The News:

ECTH's fresh food systems division, complete with hydroponic greenhouses and aquaculture fish facilities to complement its bio-energy division, has signed a **5-year supply agreement worth over \$61.3 million**. The Company expects to begin delivery to begin in 2Q13.

The Background:

This multi-year agreement is for the provision of fresh food production supply to Overwaitea Food Group, a major grocery chain in Western Canada. Overwaitea Food Group Limited Partnership is a division of the Jim Pattison Group of Companies, the 3rd largest privately held company in Canada generating \$7 billion in annual sales.

ecoTECH will provide a continuous supply of high quality products grown/produced through ecoTECH's McBride, British Columbia, facilities. ECTH has developed proprietary biomass energy and fresh food propagation systems and methods, that deliver quality and quantifiable advantages in the sector of fresh vegetable and fresh fish reproduction, growth, nutrients utilizing indoor protected hydroponic aquaculture and aquaponics "all-natural sustenance" methodologies. The complex already houses over 22 acres of aquaponic production facilities.

Our take:

Management projects that economies of scale will be maximized as these ancillary operations will be operated by using the energy by products from the Company's 5 MW CHP Power Station's output. Plus, ecoTECH's food production will create hundreds of jobs and an entirely new industry. After achieving full operations in 3 years, the facility should yield an EBITDA margin of 40-43%.

This is a major, unexpected contract, in a line of business which was not factored into our original projections. The deal will generate as much as \$12.3M in annual revenue beginning in 2013, and we believe it could be the precursor to additional, similar contracts. This deal should serve as a catalyst to drive the stock toward its 52-week high of \$0.60. Our current \$170M and \$80M EBITDA 2013 financials are under review for an upgrade. We rate ECTH Speculative Buy with a 6-month target price of \$1.25.

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Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

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