

Company Report

ecoTECH Energy Group, Inc.

The Next Major Renewable Energy Player

Rob Goldman
rob@goldmanresearch.com

November 21, 2011

ecoTECH Energy Group, Inc. (OTC:BB – ECTH - \$0.35)

Six-Month Price Target: \$1.25

Rating: Speculative Buy

COMPANY SNAPSHOT

Headquartered in Seattle, Washington, ecoTECH Energy Group, Inc. is an early stage renewable 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 11/18/11	\$0.35
52 Wk High – Low	\$0.60 - \$0.11
Est. FD Shares Out.	196.2M
Market Capitalization	\$68.7M
3 Mo Avg Vol	5,500
Exchange	OTC:BB

COMPANY INFORMATION

ecoTECH Energy Group, Inc.
 800 Fifth Avenue
 Suite 4100
 Seattle WA 98104
www.ecotechenergygroup.com

Investor Relations:
 213.254.2440
ir@ecotechenergygroup.com

INVESTMENT HIGHLIGHTS

ecoTECH has positioned itself as the next leader in the renewable energy industry. Leveraging its proprietary technology, ecoTECH is poised to become a major provider of biomass-fueled power stations in North America and biomass-based alternatives to coal to customers abroad.

ecoTECH’s business model is unique in that it is applying its technology through the construction and operation of power stations to produce green energy supply as well as green fuel products for sale. Plus, management plans to engage in related technology businesses, including horticulture and aquaculture.

The renewable energy industry is expected to reach more than \$250 billion by 2017. Worldwide initiatives and government mandates are driving the implementation and utilization of renewable sources of energy and fuel. Power generated from biomass, the most renewable energy source in the world, is expected to grow from roughly 1% 3 years ago to nearly 6% in 2035.

Management has a long history of success in the industry and has recently secured a \$36M waste-to-concrete deal, of which \$6M will be recorded in 2011, and \$24M in 2012.

ecoTECH is on track to have its first power station and torrefied briquette production facility completed at full capacity by 2013, with four more similar plants completed by 2015. Combined, these facilities could produce in excess of 1.5 million Megawatts electricity and 1 million tons of green fuel annually.

ECTH could rise by nearly five-fold over the next six months. ECTH’s shares are likely to be driven by news on progress and the financials front, which we believe will be quite brisk. Our near-term target is \$1.25, but we believe that the stock could approach \$3.50 in 18-24 months, based upon 4x our preliminary FY13 revenue forecast of \$170M and 8x our FY13 EBITDA forecasts. We rate these shares Speculative Buy.

ecoTECH OVERVIEW

During the past 30 years, the ecoTECH Energy Group, Inc. has developed and refined its proprietary thermal gasification technology to create clean-burning waste-to-energy cogeneration power stations which would provide optimal revenue performance with minimum environmental impact. The Company's combined heat and power (CHP) technology produces electricity, which can be channeled to utilities and end-users via the Grid, and heat which can be used to fuel torrefied biomass briquette manufacturing facilities, allowing for a "green fuel" offering and related revenue stream. Additionally, ecoTECH has acquired the licensing rights to adjunct technologies (hydroponic harvesting, aquaculture, cold storage, etc.) which, when requested, can be coupled with the power stations to provide cost-effective solutions for rural community needs.

Leveraging its proprietary technology and a unique business model, ecoTECH is poised to become a major provider of biomass-fueled power stations in North America and biomass-based alternatives to coal to customers abroad, which could generate in excess of \$600 million in annual revenue in 10 years.

Driven by government mandates and incentives for the huge proliferation and utilization of renewable energy and fuel, ecoTECH's business model and three-pronged strategy are primed for success. This model includes:

- Production and operation of 24/7 biomass-fueled power stations in North America
- The production and sale of *Torrefied Wood Briquettes* as alternatives to coal to Europe and abroad
- Related ancillary businesses including waste-to-concrete, aquaculture and horticulture

Power Stations

The Company specializes in the development and operations of thermal, 24/7, "firm" electricity supply from zero carbon-footprint power stations which utilize proprietary ecoTECH technologies. 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. It is expected that ground-breaking for the first of 3 facilities will occur in the coming weeks in Montana, followed by one launch in Canada. For example, ecoTECH just announced it had fulfilled many of the 200 permanent and temporary jobs it is seeking to place in 2012 for its McBride facilities in McBride, BC Canada. These facilities will house businesses engaged in the 5-megawatt horticulture/ aquaculture Combined Heat and Power (CHP) energy generation, along with horticulture and aquaculture.

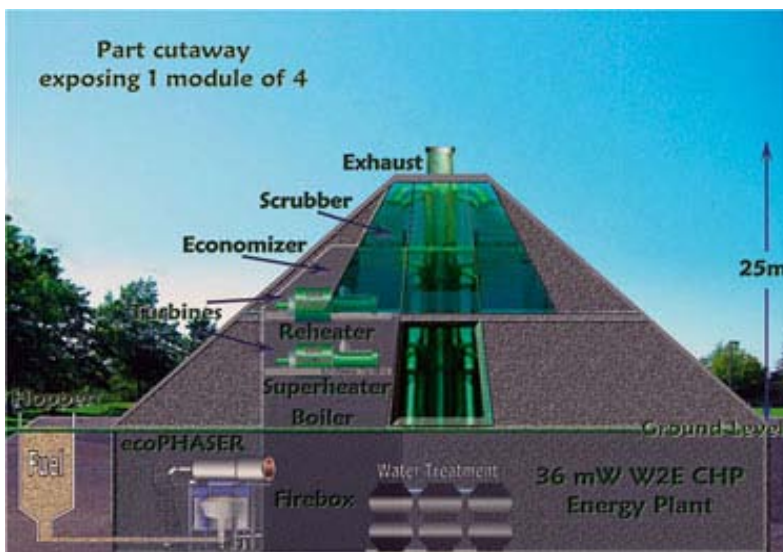


Image I. CHP Bio-Energy Power Station
Source: ecoTECH Energy Group, Inc.

Using local wood waste biomass, these projects would provide electricity and fuel products to multiple communities, with excess energy production available to external utility companies and energy brokers which can be transferred easily via the Grid infrastructure. In addition to utilizing the Company's proprietary technologies, these projects will also incorporate proven technologies created by external parties with which the Company has partnered.

Company Report

Each station consists of a traditional two-stage thermal reactor which utilizes proven proprietary pulse-jet technology and “off the shelf” boilers and turbines. The stations are built in 12MW modules (or “Pods”) for simplicity in expansion and redundancy. This compact and scalable design provides flexibility for various sized projects.

ecoTECH’s waste-to-energy power stations combine technologies to effectively process and convert biomass and other feedstocks, under environmentally friendly conditions, into electricity. **ecoTECH’s proprietary design uses multiple fuel stocks and produces higher mass-to-energy with almost zero harmful emissions to the environment.**

For a typical 36MW Power Station: approximately 460 tons of biomass feedstock would be processed each day (during one eight hour shift) for 260 days per year, yielding 130,000 tons of fuel annually – enough electricity to provide 36 megawatts per hour, 24 hours per day, for 365 days per year (approximately 315 gigawatts per year). This is enough electricity to power 40,000 homes at average North American consumption rates.

Importantly, the Company has entered into long-term agreements for sources of woody biomass in the U.S. and Canada, including with Native American groups in these regions. Currently, contracts and/or letters of intent have been secured from North American sources which account for multi-year fiber supply in excess of 1.5 million tons biomass feedstock per year.

Torrefied Wood Briquettes

The Company is also using its technology to produce *Torrefied Wood Briquettes* for use as an alternative to coal, which represents a huge environmental advantage, as the coal is a major source of global electricity production, including an estimated 33% of all production in Europe. This is a huge market opportunity for ecoTECH, as the EU and other countries now legally mandate the use of biomass sources of energy for domestic and industrial use. Wood pellet / briquette biomass (green-fuel) is the most accepted and feasible source of this energy and demand for wood briquettes in Europe is forecast to increase up to ten-fold from the current 7.5 million tons to as much as 75 million tons by 2020 - a current dollar market increase from \$1.725 billion to \$17.25 billion. EcoTECH is strategically positioned to take advantage of this growing market niche with substantial long term wood fiber biomass supply MOUs and contracts in place as well as more being developed.

Torrefied briquette plants are powered by surplus heat and energy generated by the CHP Power Stations. The “green-fuel” that is produced is a wood-based “clean fuel” product that has been torrefied and pelletized, resulting in a highly-condensed wood fuel product which has roughly equal calorific value as standard coal and can be burned in the exact same manner but with greatly reduced emissions.

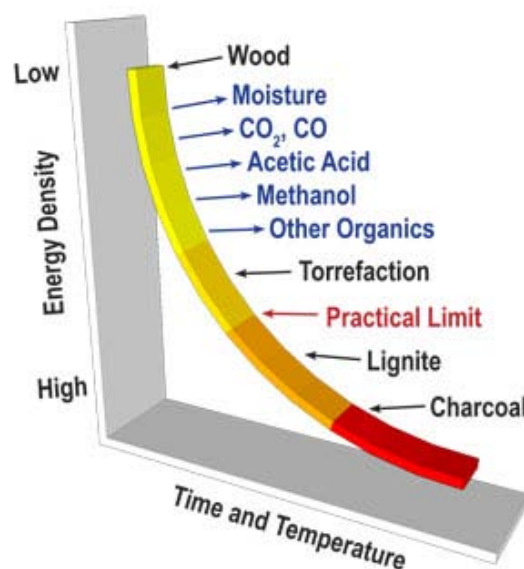


Image II. Torrefaction
Source: ecoTECH Energy Group, Inc.

ecoTECH Energy Group, Inc. (OTC:BB - ECTH)

Other Business Lines

The Company recently announced it was awarded a two-year, \$36 million contract for its proprietary Garbage to Concrete (Gar-Crete) processing systems to Hospital Medical Express of Ecuador (HosMedEx S.A.). Under terms of the contract, ecoTECH will provide HosMedEx S.A. six Gar-Crete systems for use in 6 regions across Ecuador. ecoTECH will receive USD\$6 million for each system delivered and will receive an initial deposit from HosMedEx of USD\$6 million. ecoTECH's Gar-Crete system is designed to convert trash into reusable concrete for industrial products such as culverts, pipes and barriers and is used where infrastructure is uneconomic or unavailable.

We estimate that the first \$6M payment will occur sometime before year-end 2011, with \$24M booked in 2012 and the remaining \$6M in 2013. This deal is great for cash flow as it provides the Company with 37% gross margin and cash flow heading into its financing for the power station projects. We expect that the Company could leverage this contract into similar contracts in Latin America as well as using it as an entry point to replicate its CHP Power Station business and its torrefaction briquettes sales.

THE RENEWABLE ENERGY MARKET

The renewable energy industry is expected to reach more than \$250 billion by 2017. Worldwide initiatives and government mandates including the 2009 American Recovery and Reinvestment Act are driving the implementation and utilization of renewable sources of energy and fuel. As noted above, Europe's use of biomass as a source of energy is expected to rise tenfold in ten years. Global power generated from biomass, the most renewable energy source in the world, is expected to grow from roughly 1% 3 years ago to nearly 6% in 2035, fueled in part by co-firing – a process in which biomass is mixed with coal in coal-firing plants.

Coal remains the primary source of electricity production worldwide, representing anywhere from 30-80% of all production in the developed world. With the desire to lower carbon emissions, the use of biomass on a large scale, such as ecoTECH's model would enable countries, regions, municipalities, and major corporations to reduce dependence on fossil fuels while meeting all of their power needs. It should be noted that each ton of ecoTECH briquettes that are consumed reduces the CO² output by 2.5 tons.

ecoTECH TIMELINE

Although the timeline of production and financing is somewhat fluid, we believe that management's expectations are reasonable.

2012: Groundbreaking of 35MW facility in Montana

2013: First 36MW power station running at full capacity; completion of 200,000 ton torrefaction briquette production facility

2014: Two more power stations at full capacity with associated torrefaction facilities

2015: Final power station running with torrefaction facility

Combined, these 5 power plants could produce in excess of 1.5 million Megawatts electricity and 1 million tons green-fuel annually, and generate in excess of \$600M in annual revenue by the end of 2015.

COMPETITIVE ADVANTAGES

ecoTECH has a number of advantages over other renewable energy providers. In addition, management has built an effective, powerful technology platform that should serve as a barrier to growth for smaller firms and a barrier to entry for new companies.

- Most firms in the space are focused on ethanol production, rather than biomass and those in biomass are small scale
- The Company's multi-faceted approach includes energy supply revenue generation and energy fuel products sale along with ancillary businesses which enhance overall margins
- ecoTECH has secured important, long-term supply agreements at favorable prices
- ecoTECH projects are primed for large-scale, debt-based project financing
- The Company's technology and model promote very high EBITDA margins
- The ecoTECH model can be replicated in markets all over the world

RISK FACTORS

In our view, ecoTECH's biggest risk is the timing of long-term financing and construction delays. The Company already secured a very impressive \$36M contract which, along with government mandates and incentives in the targeted locales should enable ecoTECH to overcome financing issues that would torpedo other firms. Execution risks could push meaningful revenue generation out to a later date, or in a smaller initial ramp, thus impacting revenue and product sales goals. Slower sales penetration as a result of competition from larger firms or even from newer entrants is a typical concern and is also consistent with firms of ecoTECH's size and standing.

MANAGEMENT

Colin V. Hall, Chairman and Chief Executive Officer

Born and educated in England with diplomas in design, graphics, technology and management, Mr. Hall is an innovative designer of chemical and pollution abatement processing systems and machinery. He has also designed and built thermal devices, power generation systems, gas transport systems, oil and water drilling rigs, materials handling systems (wood, municipal solid waste and other waste), heavy vehicles, transport and handling equipment, machinery and processing systems for the past 28 years. Colin Hall has patented devices for anti-jackknifing of heavy road trucks, anadromous fish devices and sono-chemical power generation.

Over the past 15 years his abilities have been directed towards the development of fully integrated systems for energy production and waste management, reduction and processing. He is a recognized expert in the design and development of environmental control & processing systems. He led the development and promotion of the Western Renewable Fuels project for four years in the 1990's. He designed the integrated waste-to-energy system, (the Mark V Phase Conversion Thermal Reactor), and has made many improvements on existing designs for components of environmental remediation systems.

Barry Sheahan, C.A., Chief Financial Officer

Barry A. Sheahan, CA has been a Chartered Accountant for 25 years, with 12 years prior experience in the financial services industry. After receiving his designation in 1982, Mr. Sheahan developed a public and private industry accounting and tax practice with over 1,100 personal tax clients and numerous corporate clients.

He was associated with the Clean Energy Group of companies for eight years, initially as a public accountant and consultant, and served as the Chief Financial Officer and a director of Clean Energy Combustion Systems, Inc., a public company, until 2006.

In 2006, Mr. Sheahan returned to private accounting practice and served until late 2010 as Chief Financial Officer for Ansell Capital Corp., Fargo Capital Corp., Galaxy Capital Corp. and Parallel Resources Corp., TSX listed CPC's, as well as Cue Resources Corp., and Uranium Power Corp. also TSX listed public companies.

ecoTECH Energy Group, Inc. (OTC:BB - ECTH)

Since early 2010, Mr. Sheahan has served as CFO of the Ansan Group of Companies, involving several privately-owned companies which together form the largest traffic management service provider in the Lower Mainland. During Mr. Sheahan's tenure at Ansan, the company was awarded and successfully operated the traffic management for the 2010 Winter Olympics and has also initiated a paradigm-breaking province-wide contract with TELUS Communications Inc. to provide traffic management services throughout the Province of British Columbia.

Mr. Sheahan is also the President and shareholder of Clean Energy Research Inc. an independent research firm providing research and development services to clients. He has taught professional development courses for the Institute of Chartered Accountants of B.C. and has served on the Boards of several not-for-profit organizations.

Stuart Mason, Chief Operating Officer

In 1983, Stuart completed a five year industrial apprenticeship at a steel production facility, where he was qualified as a London Institute Certified Electrical and Electronics Engineer. After a decline in the European steel market, Stuart worked as an Operations Manager of a nationwide mobile equipment company. In 1998, after working for a short time in other parts of Europe, he immigrated to Canada, where he assumed the role of Western Regional Manager of Auramo Ltd. (a handling equipment supplier to the paper industry). In 2003 he was employed by Catalyst Paper Corporation as Technical Logistics Specialist. Stuart was responsible for supervising product damage prevention, training, transport utilization, supplier and warehouse audits, and specification of mobile and handling equipment.

As team leader and "trainer of trainers", Mr. Mason has designed and implemented material handling and damage control systems which have delivered millions of dollars in annual cost savings for companies he has represented. Mr. Mason was also responsible for ensuring the facilities were in compliance with North American Transportation Regulatory Guidelines.

Terry J. Ferguson, Executive VP Business Development

Mr. Ferguson has over 30 years' experience in business management, sales and marketing; beginning in the Energy Conservation Industry in 1978, marketing products and services to homeowners and businesses to reduce energy consumption. In 1981, Mr. Ferguson co-founded SEI Industries Ltd., a world leader in design, development, manufacture and marketing of technologies for forest fire fighting.

The SEI Bambi Bucket helicopter fire-fighting system was the winner of the Manning Award for the best new technology in Canada in 1986. Other products included fuel and water delivery and storage systems for remote locations. Terry Ferguson is experienced in the computer industry, including sales and marketing of hardware, software and systems integration products and services. In the late 1990's Mr. Ferguson was instrumental in researching and analyzing costs, viability and logistics for several projects with the Biozyme Group, including a multi-vessel krill fishing project in the Antarctic and a fisheries waste recovery plant in Prince Rupert, BC.

John Matthews, Executive VP Engineering

John Matthews was born and educated in the United Kingdom. He began working for Ford Motor Company as an apprentice, receiving a degree in mechanical engineering. Mr. Matthews has held various senior level positions with various manufacturing companies in the United Kingdom and Canada, and has developed extensive skills in precision, light and medium engineering. The products and equipment delivered to market in his career include commercial vehicles (buses & semi-trailers) as well as military and automotive components. This led Mr. Matthews to the delivery of various Just-In-Time cost reduction programs, while implementing his design talents to create innovative solutions to manufacturing problems. His main area of expertise is in technology, design for manufacturing and system process equipment production.

Mr. Matthews brings a wide range of technical management and manufacturing experience to the Company. He has worked with designer and ecoTECH CEO Colin Hall for over 30 years, gaining experience in Europe, North America and China, acting as technical liaison officer and executive engineer for a wide range of products and projects.

Anne Sanders, VP Administration

Anne Sanders brings international business experience to the executive group. She owned and operated a successful Vancouver based travel agency through the late 1980's and early 1990's before switching careers into the public company sector. Ms. Sanders brings several years of administrative and public company law compliance expertise to the group. Her work encompasses public relations, investor relations, investment compliance for the Securities Exchange Commission, and filings in accordance with the requirements for disclosure in Canada and the USA.

Company Report**Hollie E. Parrow VP Finance, Montana Division**

Ms. Parrow has spent the past 10 years working for non-profit institutions focusing on the area of business administration, including fundraising and support from both public and private sectors. She brings a great deal of experience in public relations, project coordination skills, and management abilities to drive fourth the goals in accordance with the values and mission of ecoTECH Energy Group Montana. Most recently, Ms. Parrow focused her efforts on a project that reinstated and created jobs in Jefferson County, Montana and assisted in the location of \$50 million American Recovery & Reinvestment (ARRA) Recovery Zone Facility Bond authority by the County to a large scale private development project that will provide employment and economic impact to Jefferson County.

Larry Wilbert, VP Operations, Montana Division

Mr. Wilbert has established a prominent presence in the Montana timber industry and is a long term member of the MLA (Montana Logging Association), as well as a member of the ALPS (Accredited Logging Professionals). In the mid 1990's Larry and his team invented the Proteus revolutionary all-terrain fire fighting vehicle. In addition, Mr. Wilbert's company received an award from the American Cement Association for his design of a rough terrain cement pouring machine.

FINANCIALS

As noted above, it is difficult to forecast revenue for the Company at this stage, but we expect that once ground is broken, we will have a better sense of timetables, financing costs, and milestone events, of which we believe there will be many in the coming weeks and months. We forecast \$6M in revenue for 2011, with \$24M in revenue (from the Ecuador deal), although that number could rise substantially, should the Company secure similar contracts. Our expectation, based in large part by current mandates, incentives, and market opportunities, is that ecoTECH will secure large-scale, debt-based, project funding for the power station and related facilities. However, since we are uncertain of timing and terms, we prefer to use preliminary revenue and EBITDA figures for 2013, which will be reviewed and updated in the coming months. Our estimates call for \$170M in revenue for 2013, with \$80M in EBITDA. It should be noted that unlike most power facilities, ecoTECH's model does not require a large number of personnel and enjoys a high gross profit margin. This margin is a direct result of great long-term biomass procurement deals and is likely further enhanced from torrefied briquette sales.

VALUATION AND CONCLUSION

In our view, ecoTECH has significant, inherent advantages in the space, starting with its strategy and model, and is a credit to management's vision. As a result, the heavily undervalued and relatively unknown ECTH is a great way to play the green energy space. Investors should expect considerable profitability once the Montana and British Columbia facilities are up and running, along with replication of the model in multiple markets. The stock is likely to be news-driven in the near-term, but a number of milestones, including financing, receipt of the \$6M Ecuador payment, and other events, should drive the stock to \$1.25 in the coming months, as the Street begins to learn the ecoTECH story. On a longer term basis, we believe that the stock could approach \$3.50 in 18-24 months, based upon 4x our preliminary FY13 revenue forecast of \$170M and 8x our FY13 EBITDA forecasts. We rate these shares Speculative Buy.

ecoTECH Energy Group, Inc. (OTC:BB - ECTH)

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

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

Disclaimer

This *Opportunity Research* report was prepared for informational purposes only. *Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* product reflects the Firm's internally generated stock ideas while the *Opportunity* product reflects sponsored research reports. It is important to note that while we may track performance separately, we utilize the same coverage criteria in determining coverage of all stocks in both research formats. While stocks in the *Opportunity* format may have a higher risk profile, they typically offer greater upside as well.

Goldman Small Cap Research has been compensated by a third party in the amount of \$8,000 for a three month research subscription service. The Firm does not accept any equity compensation. All information contained in this report was provided by the Company. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed.

This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, TWO TRIANGLE CONSULTING GROUP, LLC WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, TWO TRIANGLE CONSULTING GROUP, LLC WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: www.goldmanresearch.com