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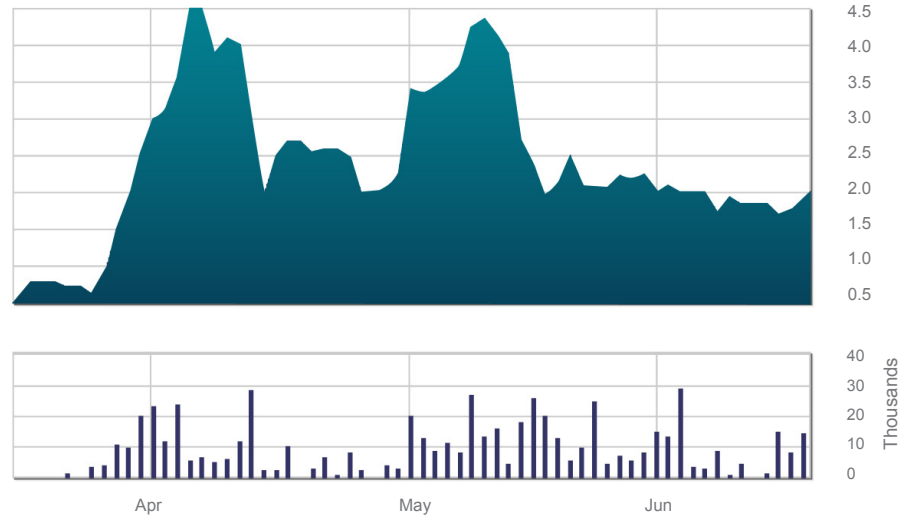
#### MARKET DATA

Symbol	GSAE
Exchanges	OTCPK
Current Price	\$1.85
Price Target	\$5.70
Rating	Speculative Buy
Outstanding Shares	26.25 Million
Market Cap.	\$48.56 Million
Average 3M Volume	8,563

Source: Yahoo Finance, Analyst Estimates



GSAE daily



## Company Introduction

Green Star Alternative Energy Inc. (GSAE), a U.S.-based commercial wind farm developer, is currently evaluating wind farm energy projects in Europe, the United States and China.

In August 2008, GSAE entered into agreements to acquire Notos, a Serbian wind power company, and Sirius Regulus, which owns the land used for the various Notos projects. Notos is developing projects in northern Serbia, which will create a wind turbine portfolio for GSAE exceeding 300 MW by 2013 and representing about 3.5% of Serbia's total energy capacity. These projects will be overseen by EnergoProjekt, the state-owned-and-operated agency which governs the approval process for Serbia's energy creation projects.

The Company's discussions with both Notos and Sirius Regulus later resulted in a decision not to acquire these businesses but rather to form a joint venture to develop these opportunities.

Since our initial report on GSAE in September 2008, the Company has reported the following accomplishments:

## Recent Developments

GSAE is evaluating various locations across Serbia as commercially viable wind farm sites and evaluating potential acquisitions to build its wind farm portfolio.

### Mobilization of wind sensor equipment to Belo Blato

In April 2009, GSAE announced the transfer of one of its 60-meter

NRG wind measurement systems to the Belo Blato wind farm project site to compile data needed to optimize specific turbine placement. The construction crew has already begun the pre-erection phase for the wind tower.

#### Agreement with city of Titel

GSAE's Notos joint venture has also entered into an agreement with the city of Titel in Serbia to explore the economic viability of its regional wind resources and potentially develop wind power assets to supply the area with clean electricity.

Titel is located in the South Backa District of the province of Vojvodina in the Republic of Serbia. Titel is of significant interest to GSAE because of its proximity to Titelski Breg, an area which has the highest number of wind hours in the entire Balkan region. GSAE plans to erect its wind sensor towers in the Titel during Q3 2009.

#### Plans to acquire 60 MW wind energy project

During Q2 2009, GSAE began negotiating a 60 MW wind energy partnership project, as well as other potential projects, with a private Serbian wind research company. According to the research, this project has outstanding historical wind measurements and can produce more than 175 GW/h per year for the Serbian province of Vojvodina. Gross revenues from wind-powered electricity sales could exceed \$23 million annually.

In addition, the Company is involved in discussions with several wind turbine manufacturers who could provide engineering solutions meeting its requirements and considering a variety of project financing packages.

#### Agreement with Electrawinds

In April 2009, GSAE announced discussions between its joint venture and Electrawinds, the largest private player in the Belgian renewable energy market. In addition to constructing and operating wind farms, solar farms and biomass plants, Electrawinds also investigates and develops new renewable energy possibilities and applications.

Electrawinds recognizes the significant revenue opportunity in Serbia and is interested in participating in clean energy projects developed by GSAE. Both companies are also evaluating additional potential alternative energy projects across other areas of Europe.

#### Discussions with Gamesa

The Company has initiated discussions with Gamesa (Europe) one of the world's largest wind turbine manufacturers, regarding a cooperative agreement for the development of prospective wind power facilities. Gamesa has installed more than 16,000 MW of wind turbine capacity across 20 countries and four continents. Gamesa's expertise could help GSAE significantly advance its wind farm development plans.



## Corporate Developments

### GSAE files for OTC BB listing

GSAE has filed with the SEC to become a fully reporting public entity. This filing is part of the process for obtaining a listing on NASDAQ's OTC Bulletin Board. GSAE has already compiled the necessary audited financial information required for an OTCBB listing despite currently trading on the Pink Sheets, where audited financials are not required. An OTCBB listing will enable the Company to increase its visibility in the investment community and gain better access to capital markets.

### Management team changes

GSAE appointed Miodrag (Mike) Andric its new chairman of the board in April 2009. In addition, Mr. Andric became CEO and president. Mr. Andric has an extensive background in renewable energy resources and has been involved in projects around the world. He is fluent in Serbian, English, French, Italian, German and Russian.

### Obama administration to deepen relations with Serbia

During a visit in Belgrade in May 2009, U.S. Vice President Joe Biden offered Serbia "a strong, new relationship" with the U.S., as well as an offer to help with its bid for European Union membership. Biden is the most senior U.S. official to visit Belgrade in almost three decades.

## Industry Outlook

The United States Energy Information Agency (EIA) forecasts world energy consumption will rise by 50% from 2005 to 2030. Energy consumption increases 5% annually in the United States and is projected to surpass 135 quadrillion BTU by 2030, equivalent to an average consumption rate of 3.9 TW.

The use of fossil fuels increases global greenhouse gas emissions and carbon dioxide levels are forecast to rise from 28 billion metric tons in 2005 to 34 billion metric tons in 2015 and 42 billion metric tons in 2030. Carbon emissions in North America have risen 38% since 1970 and are predicted to increase another 31% by the year 2020.

Wind energy offers a clean alternative, with an estimated 72 TW of wind energy worldwide that is potentially commercially viable. If only 20% of the available wind energy were tapped, that would be enough to supply the world's current energy needs. Wind power is the fastest-growing energy source and has the potential to supply at least 20% of U.S. electricity demand at an economical price.

According to the World Wind Energy Association (WWEA), 19,696 MW of new wind energy capacity were added globally in 2007, representing about \$37 billion of investment and total installed capacity of 93,849 MW. The U.S. wind power industry crushed all previous records in 2007, with 45% growth and more than 5,200 MW of capacity installed, increasing total capacity to



26,921 MW.

Worldwide, about 85% of wind generation capacity is split between Europe (70%) and the United States (15%). In the U.S., although the cost of wind energy is becoming increasingly competitive, at present less than 1% of electricity is wind-generated.

The European Union has led the way by introducing a legally binding target for 20% of the region's energy to come from renewable sources by 2020. Wind is expected to deliver 33% of all new electricity generation capacity and provide electricity for 86 million Europeans by 2010.

### U.S. alternative energy initiatives

President Obama is promoting alternative energy as a vehicle for creating jobs and reducing U.S. dependence on imported fossil fuels. President Obama's plan calls for significant new investments in alternative and renewable energy technologies, and aims to:

- Create 5 million new jobs by investing \$150 billion over the next 10 years to support private sector efforts to build a clean energy future;
- Ensure that 10% of U.S electricity will come from renewable sources by 2012, and 25% by 2025;
- Implement an economy-wide program to reduce greenhouse gas emissions 80% by 2050;
- Save more oil within 10 years than the U.S. is currently importing from the Middle East and Venezuela combined; and Put 1 million Plug-In Hybrid cars on the road by 2015.

The alternative energy sector received a strong infusion of new capital last year with record investments in new projects. Venture capital investments were a record \$4.7 billion in 2008. However, falling oil prices and frozen credit markets took their toll and venture capital investments fell 44% during Q4 2008 to \$954 million.

We expect the government financial stimulus package to fuel renewed growth in the clean energy sector going forward. President Obama's plan includes spending \$14.4 billion for government energy efficiency and renewable-energy programs, \$4.5 billion for a smart electricity grid, \$2.9 billion to weatherize low-income homes and a tax-credit extension for renewable energy production.



## Financial Analysis

GSAE is still in the development stage and has yet to record any revenues. In Q1 2009, administrative expenses were \$33,963 and interest expense was \$2,753. Administrative expenses consisted of salary expenses, accounting fees, legal fees, and other expenses. Higher expenses were largely attributable to costs involved in forming joint ventures with Notos and Sirius.

### Income Statement, \$

	Q1 2008	Q1 2009	From inception through March 31, 2009
Revenues	-	-	-
Administrative Expense	-	33,963	239,215
Interest Expense	-	2,753	\$5,309
Net (Loss)	-	(36,716)	(\$244,524)
Earnings per share	-	(0.01)	(0.01)

Source: www.pinksheets.com

As of March 31, 2009, GSAE had \$196,560 in outstanding liabilities, which included a promissory note for \$89,975 issued to Jesse M. De Castro, GSAE's CFO.

### Balance Sheet, \$

	31-Dec-08	31-Mar-09
Total Assets, including Cash and equivalents	3,310	11,786
	3,310	11,786
Total Liabilities, including Loan from director	151,368	196,560
	51,975	89,975
Total Stockholders' Equity	(148,058)	(184,774)
Accumulated Deficit	(207,808)	(244,524)

Source: www.pinksheets.com

The Company has relied on debt financing for operating capital. However, there is no guarantee that GSAE will be able to raise additional debt or equity capital to fund its 2009 business plan.

## Analyst summary

Since our initial report last September, GSAE's share price has declined 16% from \$2.20 to \$1.85. The major reasons for the decline are slower-than-expected progress, the general economic downturn, and concerns about the Company's ability to fund its business plan.

Despite these challenges, the revenue potential of GSAE's wind energy projects is significant. The Company is pursuing opportunities to develop 300 MW of wind energy and provide clean energy to Serbia and neighboring European countries. During Q2 2009, GSAE began negotiations for a 60 MW wind energy partnership project representing \$23 million in potential gross revenues annually.

The Company has also installed wind measurement systems at the Belo Blato project site, has agreements with Belgrade and Titel to explore the economic viability of regional wind projects and is involved in discussions with wind turbine manufacturers. In addition, GSAE's joint venture is in discussions with Electrawinds, the largest private player in the Belgian renewable energy market. Electrawinds recognizes the significant opportunity in Serbia and is interested in participating in clean energy projects.

The Company is moving forward with its business plan in Serbia and seeking the necessary land acquisitions for wind farm sites. Management indicates that GSAE is on track to begin producing clean electricity from its Belo Blato project by year-end 2009. Given GSAE's noteworthy progress since our last report, we are reiterating our Speculative Buy rating and \$5.70 price target for GSAE shares.

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**Victor Sula, Ph.D. - Senior Analyst**

Victor Sula, Ph.D. has held the position of Senior Analyst with several independent investment research firms since 2004. Prior to 2004, Mr. Sula held Senior Financial Consultant positions within the World Bank sponsored Agency for Restructuring and Enterprise Assistance and TACIS sponsored Center for Productivity and Competitiveness of Moldova, where he was involved in corporate reorganization and liquidation. He is also employed as Associate Professor at the Academy of Economic Studies of Moldova. Mr. Sula earned his Ph.D. degree in 2001 and bachelor's degree in Finance in 1997 from the Academy of Economic Studies of Moldova. Mr. Sula is currently a level III candidate in the CFA program.