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NEXT ALTERNATIVE INC.

A Leader in Renewable Resources

A Year of Progress and Positioning

At Next Alternative, we consider 2016 to have been a very pivotal year. We made great strides in our research and development efforts and in planning our overall operational strategies moving forward. We recognized the main issue hindering our progress was we could not do any testing on our emulsion fuel formula at the industrial scale. And to find the customers we're seeking, this was a problem.



Well, we're happy to report that last year, we were finally able to accomplish this. We worked with West Virginia University whose campus houses the Center for Alternative Fuels Engines and Emissions and currently conducts all of the government's testing of motor vehicles. We tested our formula on both application boilers and combustion engines. There

were some difficulties with the combustion engine testing and we realized we still need some research and development work on that front. So, we focused our attention on the boiler market segment.

Our steam boiler testing proved to be quite positive. We showed that we can reduce NOx (dirty particle matter) from 63ppm to zero. This was a stunning result! In March, we were also tested by Montrose Air Quality Service, and showed lowered emissions across the board. Montrose is a certified EPA testing company which definitely lends credence within the industry. This will now allow now us to look into the California market where regulations stipulate that if you are burning at over 20ppm, you are not compliant.

We know that many manufacturers, industrial plants and hospitals run on steam boilers that are not compliant with emissions regulations... and we can help. We are actively targeting these institutions. Additionally, there are still nearly 400 coal-fired boilers in operation in the United States. These particular boilers actually use diesel oil first to get the coal hot enough to burn. While this may be a small niche, we hope to be able to turn this unique market into a profitable segment. We are also developing strategies for breaking through into the utilities segment.

Further, large government facilities are still using oil, along with the marine industry which we're looking heavily at. There are over 50,000 vessels on the open seas, such as large merchant ships, that do not meet emissions standards. They will need to do so by 2020 and a majority have not yet even begun the path to compliance.

Another interesting development to note is that we're working with the U.S. Commercial Service which is a government agency that helps companies export their products. They provide assistance in obtaining contacts and securing meetings with appropriate audiences in order to present your product or service to entities



around the world. We recently attended a conference in Arizona where we were able to meet with representatives from five countries, including Poland, Mexico, Brazil, Singapore and Japan. We also had side conversations with a Taiwanese group, as well as an Australian group where we discussed mining companies and their needs.

In short, we've been very busy poising the company for success and we are extremely excited with our progress. We are now actively looking for customers that can use our product. We believe that Next Alternative can start generating revenue within the second quarter of this year.

Next alternative is grateful to our loyal shareholders for their continued faith, support and encouragement in our work. We believe it's important work and will be very profitable work for us all. Plans of this magnitude and breadth require much planning and patience... Rome was not built in day, and converting people and perspectives is not an easy task. We are confident however, that with strict regulatory requirement deadlines on the horizon, more entities will be inclined to genuinely consider alternatives to current procedures and practices. And Next Alternative will be there to provide the types of effective solutions they need.

We're remain proud that we've been pioneers of alternative energies and have produced products and services of great significance. We've continually evolved with the industry to focus on where we can make an impact and will continue to do so on the company and our stakeholders' behalf.

Look for more news of our progress to come!

Next Alternative continues to be an innovative, break-through company that provides excellence in the field of Alternative Energy. The world's new economy, driven by a dire need to reduce the demand for fossil fuels and to find alternative sources of energy, has set the stage for Next Alternative's refocused foray into this crucial arena. We are ready to make our presence known and our impact felt - worldwide



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NAI wishes you
and your families
a very prosperous
and healthy 2017.