

ALTAIR NANOTECHNOLOGIES INC
Form 424B3
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Registration No. 333-166140

Altair Nanotechnologies Inc.
PROPOSED DOMESTICATION — YOUR VOTE IS VERY IMPORTANT

Common Shares

We are furnishing this management proxy circular to shareholders of Altair Nanotechnologies Inc., in connection with the solicitation of proxies by our management for use at a special meeting of our shareholders. The special meeting will be held on July 30, 2010 at 10:00 o'clock in the morning (Pacific time), in Reno, Nevada.

The purpose of the special meeting is to obtain shareholder approval to change our jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Nevada in the United States through the adoption of articles of domestication and new articles of incorporation. This change in jurisdiction of incorporation is referred to as a “continuance” under Canadian law Canada and as a “domestication” under Nevada law.

We believe that the domestication will enhance our ability to engage in strategic joint ventures, acquisition and disposition transactions, eliminate certain regulatory burdens imposed by the Canada Business Corporations Act, limit reporting requirements under the Canadian securities laws, and give us flexibility in our management structure. In addition, we believe that the achievement of our strategic goals would be enhanced by our clear and unambiguous identification as a U.S. corporation.

Approval of the proposed domestication requires affirmative votes, whether in person or by proxy, from at least two-thirds of the votes cast with respect to the matter by the holders of our common shares at the special meeting where a quorum of one-third of the total outstanding common shares is present. Dissenting shareholders have the right to be paid the fair value of their shares under Section 190 of the Canada Business Corporations Act. Our Board of Directors has reserved the right to terminate or abandon our domestication at any time prior to its effectiveness, notwithstanding shareholder approval, if it determines for any reason that the consummation of our domestication would be inadvisable or not in our and your best interests. If approved by our shareholders, it is anticipated that the domestication will become effective on a date within 90 days of the special meeting of our shareholders.

Your existing certificates representing your Altair Nanotechnologies Inc. common shares will represent the same number of shares of common stock after the domestication without any action on your part. You will not have to exchange any share certificates. We will issue new certificates or book entry share statements, as applicable, to you representing shares of capital stock of Altair Nanotechnologies Inc. as a Nevada corporation upon a transfer of the shares by you or at your request. Following the completion of our domestication, the common stock will continue to be listed on the NASDAQ Capital Market under the trading symbol “ALTI.”

The accompanying management proxy circular provides a detailed description of our proposed domestication and other information to assist you in considering the proposals on which you are asked to vote. We urge you to review this information carefully and, if you require assistance, to consult with your financial, tax or other professional advisers.

Our Board of Directors unanimously recommends that you vote FOR each of the proposals described in this management proxy circular, including the approval of our domestication.

Your vote is very important. Whether or not you plan to attend the special meeting, we ask that you indicate the manner in which you wish your shares to be voted and sign and return your proxy as promptly as possible in the enclosed envelope so that your vote may be recorded. If your shares are registered in your name, you may vote your shares in person if you attend the special meeting, even if you send in your proxy.

These securities involve a high degree of risk. See “Risk Factors” beginning on page 10 of this management proxy circular for a discussion of specified matters that should be considered.

Neither the Securities and Exchange Commission nor any state securities commission or similar authority in Canada, has approved or disapproved of these securities or determined if the management proxy circular/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This management proxy circular/prospectus is dated June 23, 2010 and is first being mailed to shareholders on or about June 28, 2010.

ALTAIR NANOTECHNOLOGIES INC.

204 Edison Way
Reno, Nevada 89502

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the special meeting of the shareholders of Altair Nanotechnologies Inc. (the "Company") will be held at the Grand Sierra Resort, 2500 E. 2nd Street, Reno, Nevada 89502, on Friday, the 30th day of July 2010, at the hour of 10:00 o'clock in the morning (Pacific time) for the following purposes:

- (1) To consider, and if deemed advisable, approve a special resolution authorizing the Company to make an application under Section 188 of the Canada Business Corporations Act to change its jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Nevada by way of a domestication under Section 92A.270 of the Nevada Revised Statutes, and to approve the articles of incorporation authorized in the special resolution to be effective as of the date of the Company's domestication; and
- (2) To approve the adjournment of the special meeting, if necessary, to solicit additional proxies, if there are not sufficient votes at the time of the special meeting to approve proposal No. 1.

This notice is accompanied by a form of proxy and a management proxy circular.

Shareholders who are unable to attend the special meeting in person are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the special meeting. Proxies to be used at the special meeting must be deposited at the office of the transfer agent not later than 48 hours (excluding Saturdays and holidays) before the time of holding the special meeting.

DATED at Toronto, Ontario as of the 23rd day of June, 2010.

BY: ORDER OF THE BOARD

Terry M. Copeland
President and Chief Executive Officer

MANAGEMENT PROXY CIRCULAR
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ALTAIR NANOTECHNOLOGIES INC.

MANAGEMENT PROXY CIRCULAR

(All dollar amounts expressed herein are U.S. dollars)

SUMMARY

This summary highlights selected information appearing elsewhere in this management proxy circular, or this Circular, and does not contain all the information that you should consider in making a decision with respect to the proposals described in this Circular. You should read this summary together with the more detailed information, including our financial statements and the related notes included in this Circular, and the exhibits attached hereto. You should carefully consider, among other things, the matters discussed in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” which are included in this Circular. You should read this Circular in its entirety.

Unless otherwise provided in this Circular, references to the “Company,” “we,” “us,” and “our” refer to Altair Nanotechnologies Inc., a Canadian corporation, prior to the change of jurisdiction. References to “Altair Nevada” refer solely to Altair Nanotechnologies Inc, a Nevada corporation, as of the effective time of the change in jurisdiction. References to “Altair Canada” refer solely to Altair Nanotechnologies Inc., a Canadian corporation, prior to the effective time of the change in jurisdiction. Masculine pronouns include the female and the neuter as appropriate. We have registered or are in the process of registering the following trademarks: Altair Nanotechnologies Inc®, Altair Nanomaterials, Inc.®, Altairnano®, TiNano® and Nanocheck®. Any other trademarks and service marks used in this Circular are the property of their respective holders.

Altair Nanotechnologies, Inc. is a Canadian corporation with principal assets and operations in the United States, whose primary business is developing and commercializing nano-lithium titanate based power and energy systems.

Set forth below in a question and answer format is general information regarding the special meeting of shareholders to which this Circular relates. This general information regarding the special meeting is followed by a more detailed summary of the process relating to, reasons for and effects of our proposed change in jurisdiction of incorporation (Proposal 1 in the Notice of Meeting), which we refer to in this Circular as the “domestication”.

Questions and Answers about the Proposals

Q. What is the purpose of the special meeting?

A. The purpose of the special meeting is to vote on a special resolution authorizing the Company to make an application under Section 188 of the Canada Business Corporations Act to change its jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Nevada by way of a domestication under Section 92A.270 of the Nevada Revised Statutes, and to approve the articles of incorporation authorized in the special resolution to be effective as of the date of the Company’s domestication. The agenda also includes a proposal related to adjournment of the special meeting, if necessary, to solicit additional proxies, if there are not sufficient votes at the time of the special meeting to approve the domestication proposal.

Q. Where will the special meeting be held?

A.

The special meeting will be held at the Grand Sierra Resort, 2500 E. 2nd Street, Reno, Nevada 89502, on Friday, the 30th day of July 2010, at the hour of 10:00 o'clock in the morning (Pacific time).

Q. Who is soliciting my vote?

A. Our Board of Directors is soliciting your proxy to vote at the special meeting. This Circular and form of proxies were first mailed to our shareholders on or about June 28, 2010. Your vote is important. We encourage you to vote as soon as possible after reviewing this Circular and all information delivered with this Circular.

Q. Who is entitled to vote?

A. The record date for the determination of shareholders entitled to receive notice of the special meeting is June 10, 2010. As of such date, there are 105,400,728 common shares outstanding, each of which is entitled to one vote on all matters presented at the special meeting. In accordance with the provisions of the Canada Business Corporations Act, or the CBCA, we will prepare a list of the holders of our common shares as of the record date.

Q. What are the voting recommendations of the Board of Directors?

A. The Board of Directors recommends the following votes:

FOR the special resolution authorizing the Company to make an application under Section 188 of the Canada Business Corporations Act to change its jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Nevada by way of a domestication under Section 92A.270 of the Nevada Revised Statutes, and to approve the articles of incorporation authorized in the special resolution to be effective as of the date of the Company's domestication; and

FOR the adjournment of the special meeting, if necessary, to solicit additional proxies, if there are not sufficient votes at the time of the special meeting to approve the domestication resolution.

Q. Will any other matters be voted on?

A. The Board of Directors does not intend to present any other matters at the special meeting. The Board of Directors does not know of any other matters that will be brought before our shareholders for a vote at the special meeting. If any other matter is properly brought before the special meeting, your signed proxy card gives authority to Terry M. Copeland and, failing him, John Fallini, or your indicated nominee as proxies, with full power of substitution, to vote on such matters at their discretion.

Q. What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A. Many shareholders hold their shares through a broker or bank rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record — If your shares are registered directly in your name with our transfer agent, you are considered, with respect to those shares, the shareholder of record, and these Circular materials are being sent directly to you by us. You may vote the shares registered directly in your name by completing and mailing the proxy card or by written ballot at the special meeting.

Beneficial Owner — If your shares are held in a stock brokerage account or by a bank, you are considered the beneficial owner of shares held in street name, and these Circular materials are being forwarded to you by your bank or broker, which is considered the shareholder of record of these shares. As the beneficial owner, you have the right to direct your bank or broker how to vote and are also invited to attend the special meeting. However, since you are not the shareholder of record, you may not vote these

shares in person at the special meeting unless you bring with you a legal proxy from the shareholder of record. Your bank or broker has enclosed a voting instruction card providing directions for how to vote your shares.

Q. How are shares held by a broker or other intermediary voted?

A. Brokers and other intermediaries who have record ownership of our common shares held in brokerage accounts for their clients who beneficially own the shares are subject to rules governing how they can vote the shares. Under these rules, brokers and other intermediaries who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters (“discretionary matters”), but do not have discretion to vote uninstructed shares as to certain other matters (“non-discretionary matters”). A broker or intermediary may return a proxy card on behalf of a beneficial owner from whom the broker has not received instructions that casts a vote with regard to discretionary matters, but expressly states that the broker is not voting as to non-discretionary matters. The broker’s or other intermediary’s inability to vote with respect to the non-discretionary matters is referred to as a “broker non-vote.” Partial broker non-votes will be counted for the purpose of determining the presence of a quorum; total broker non-votes will not be counted for the purpose of determining the presence of a quorum.

If you hold your shares in “street name,” we encourage you to contact your broker with your voting instructions as soon as possible. The domestication resolution (Proposal No. 1) and the adjournment of the meeting (Proposal No. 2) are both considered to be discretionary matters. As a result, your broker or other intermediary does not have the ability to vote on your behalf, and no vote will be cast for your shares for these matters unless you provide your broker with voting instructions.

An abstention, or withhold vote, is counted as present and entitled to vote for purposes of determining a quorum. An abstention, or withhold vote, will have no effect on the domestication resolution (Proposal No. 1) or the adjournment of the meeting (Proposal No. 2).

Q. How do I vote?

A. If you are a shareholder of record, there are two ways to vote:

By completing and mailing your proxy card; or

By written ballot at the special meeting.

Shareholders who are not shareholders of record and who wish to file proxies should follow the instructions of their intermediary with respect to the procedure to be followed. Generally, shareholders who are not shareholders of record will either: (i) be provided with a proxy executed by the intermediary, as the shareholder of record, but otherwise uncompleted and the beneficial owner may complete the proxy and return it directly to our transfer agent; or (ii) be provided with a request for voting instructions by the intermediary, as the shareholder of record, and then the intermediary must send to our transfer agent an executed proxy form completed in accordance with any voting instructions received by it from the beneficial owner and may not vote in the event that no instructions are received.

Q. Can I change my vote or revoke my proxy?

A. A shareholder of record who has given a proxy has the power to revoke it prior to the commencement of the special meeting by depositing an instrument in writing, including another proxy bearing a later date, executed by the shareholder or by the shareholder’s attorney authorized in writing either (i) at the Company’s principal office located at 204 Edison Way, Reno, Nevada, 89502 at any time up to and including the last business day preceding the day of the special meeting, or any adjournment thereof or (ii) with the chairman of such meeting on the day of the special meeting or any adjournment thereof or in any other manner permitted by law.

Q.

How are votes counted?

A.

We will appoint a Scrutineer at the special meeting. The Scrutineer is typically a representative of our transfer agent. The Scrutineer will collect all proxies and ballots, and tabulate the results.

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Q. Who pays for soliciting proxies?

A. The cost of solicitation by management will be borne directly by the Company. We have retained D. F. King & Co., Inc. (the "Soliciting Agent") to assist with the solicitation of proxies for an estimated fee of \$10,000 plus reasonable out-of-pocket expenses. Additional variable fees may also be incurred depending on the level of voter response. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of the common shares of the Company held of record by such persons, and we will reimburse them for their reasonable out-of-pocket expenses incurred by them in connection therewith.

Q. What is the quorum requirement of the special meeting?

A. One-third of the outstanding common shares entitled to vote, represented in person or by properly executed proxy, is required for a quorum at the special meeting.

Q. What are broker non-votes?

A. Broker non-votes occur when holders of record, such as banks and brokers holding shares on behalf of beneficial owners, do not receive voting instructions from the beneficial holders at least ten days before the special meeting. Broker non-votes will not affect the outcome of the matters being voted on at the special meeting, assuming that a quorum is obtained.

Q. What vote is required to approve each proposal?

A. Proposal No. 1, our change of jurisdiction from Canada to Nevada by means of a domestication requires affirmative votes, whether in person or by proxy, from at least two-thirds of the votes cast by the holders of our common shares with respect to the matter at the special meeting where a quorum of one-third of the total outstanding common shares is present.

Proposal No. 2, authorizing adjournment of the special meeting if necessary, to solicit additional proxies, if there are not sufficient votes at the time of the special meeting to approve the domestication resolution, requires that the votes cast in favor of the proposal exceed the votes cast against the proposal.

Of the 105,400,728 outstanding common shares as of the Record Date, approximately 20,657,155 are owned by officers, directors and their affiliates, representing 19.6% of the outstanding common shares as of such date.

Q. Who can attend the special meeting?

A. All registered shareholders, their duly appointed representatives, our directors and our auditors are entitled to attend the special meeting.

Q. I own my shares indirectly through my broker, bank, or other nominee, and I receive multiple copies of the Circular and other mailings because more than one person in my household is a beneficial owner. How can I change the number of copies of these mailings that are sent to my household?

A. If you and other members of your household are beneficial owners, you may eliminate this duplication of mailings by contacting your broker, bank, or other nominee. Duplicate mailings in most cases are wasteful for us and inconvenient for you, and we encourage you to eliminate them whenever you can. If you have eliminated duplicate

mailings, but for any reason would like to resume them, you must contact your broker, bank, or other nominee. If you are a shareholder of record contact John Fallini, Chief Financial Officer, by phone at (775) 858-3750 or by mail to P.O. Box 10630, Reno, Nevada, U.S.A. 89510-0630.

Q. Multiple shareholders live in my household, and together we received only one copy of this Circular. How can I obtain my own separate copy of those documents for the Annual and Special meeting?

A. You may pick up copies in person at the special meeting or download them from our Internet web site, www.altairannualmeeting.com. If you want copies mailed to you and are a beneficial owner, you must request them from your broker, bank, or other nominee. If you want copies mailed to you and are a shareholder of record, we will mail them promptly if you request them from John Fallini, Chief Financial Officer by phone at (775) 858-3750 or by mail to P.O. Box 10630, Reno, Nevada, U.S.A. 89510-0630. We cannot guarantee you will receive mailed copies before the special meeting.

Q. Where can I find the voting results of the special meeting?

A. We are required to file the voting results on the System for Electronic Document Analysis and Retrieval (SEDAR) promptly following the special meeting, and thereafter they can be found on the SEDAR website at www.sedar.com. We are also required to file the voting results on a Current Report on Form 8-K with the SEC promptly following the special meeting, and thereafter they can be found on our website at www.altairnano.com (select the link to SEC Filings on the Investor Relations page).

Q. Who can help answer my questions?

A. If you have questions about the special meeting or if you need additional copies of this Circular or the enclosed proxy card you should contact:

John Fallini, Chief Financial Officer
P.O. Box 10630
Reno, Nevada 89510-0630 U.S.A.
(775)858-3750

The Domestication Proposal

The Board of Directors is proposing to change our jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Nevada through a transaction called a “continuance” under Section 188 of the CBCA, also referred to as a “domestication” under Section 92A.270 of the Nevada Revised Statutes, and approve new articles of incorporation to be effective on the date of the domestication. We will become subject to Nevada corporate law on the date of our domestication, but will be deemed for the purposes of Nevada corporate law to have commenced our existence in Nevada on the date we originally commenced our existence in Canada. Under Nevada corporate law, a corporation becomes domesticated in Nevada by filing Articles of Domestication and articles of incorporation for the corporation being domesticated. Our Board of Directors has unanimously approved our domestication and the related articles of incorporation of Altair Nevada, believes it to be in our best interests and in the best interests of our shareholders, and unanimously recommends approval of the domestication and the approval of the articles of incorporation of Altair Nevada to our shareholders.

We believe that the domestication will enhance our ability to engage in strategic joint venture, acquisition and disposition transactions, eliminate certain regulatory burdens imposed by the CBCA, limit reporting requirements under the Canadian securities laws, and give us flexibility in our management structure. In addition, the achievement of our strategic goals would be enhanced by our clear and unambiguous identification as a U.S. corporation. Based upon our expectation that the Company will be more valuable in the future, we believe is favorable for us to undertake the domestication now in order to avoid a potentially much higher cost in the future, as the Canadian tax consequences are based on the Company's valuation.

The domestication will change the governing law that applies to our shareholders from the federal jurisdiction of Canada to the State of Nevada. There are material differences between the CBCA and Nevada corporate law. Our shareholders may have more or fewer rights under Nevada law depending on the specific set of circumstances.

We plan to complete the proposed domestication within 90 days of approval by our shareholders. The domestication will be effective on the date set forth in the Articles of Domestication and articles of incorporation, as filed with the Secretary of State of the State of Nevada. Thereafter, Altair Nevada will be subject to the articles of incorporation filed in Nevada. We will be discontinued in Canada as of the date shown on the certificate of discontinuance issued by the Director appointed under the CBCA, which is expected to be the same date as the date of the filing of the Articles

of Domestication and articles of incorporation in Nevada. However, the Board of Directors may decide to delay the domestication or not to proceed with the domestication after receiving approval from our shareholders if it determines that the transaction is no longer advisable. The Board of Directors has not considered any alternative action if the domestication is not approved or if it decides to abandon the transaction.

The domestication will not interrupt our corporate existence, our operations or the trading market of our common shares. Each outstanding common share at the time of the domestication will remain issued and outstanding of Altair Nevada after our corporate existence is continued from Canada under the CBCA and domesticated in Nevada under Nevada corporate law. Following the completion of the domestication, Altair Nevada's common stock will continue to be listed on the NASDAQ Capital Market under the symbol "ALTI."

Regulatory and Other Approvals

The continuance is subject to the authorization of the Director appointed under the CBCA. The Director is empowered to authorize the continuance if, among other things, he is satisfied that the continuance will not adversely affect our creditors or shareholders.

Comparison of Shareholder Rights

Upon completion of the domestication, our shareholders will be holders of capital stock of Altair Nanotechnologies, Inc., a Nevada corporation, and their rights will be governed by Nevada corporate law as well as Altair Nevada's articles of incorporation and bylaws. Shareholders should be aware that the rights they currently have under the CBCA may, with respect to certain matters, be different under Nevada corporate law. For example, under the CBCA, a company has the authority to issue an unlimited number of shares whereas, under Nevada corporate law, a Nevada corporation may only issue the number of shares that is authorized by its articles of incorporation, and shareholder approval must be obtained to amend the articles of incorporation to authorize the issuance of additional shares. On the other hand, under the CBCA, shareholders are entitled to appraisal/dissent rights for a number of extraordinary corporate actions, including an amalgamation with another unrelated corporation, some amendments to a corporation's articles of incorporation and the sale of all or substantially all of a corporation's assets, whereas under Nevada corporate law, stockholders are only entitled to appraisal/dissent rights for certain mergers, share exchanges and certain other transactions in which a stockholder receives only cash or script for shares. In addition, under the CBCA, shareholders owning at least 5% of our outstanding voting shares have the right to require the board of directors to call a special meeting of shareholders whereas, under Nevada corporate law, stockholders have no right to require the board of directors to call a special meeting. We refer you to the section entitled "The Domestication — Comparison of Shareholder Rights" for a more detailed description of the material differences between the rights of Canadian shareholders and Nevada stockholders.

Accounting Treatment of the Domestication

Our domestication as a Nevada corporation represents a transaction between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at carrying value. Accordingly, the assets and liabilities of Altair Nevada will be reflected at their carrying value to us. Any of our shares that we acquire from dissenting shareholders will be treated as an acquisition of treasury stock at the amount paid for the shares. Under Nevada law, the treasury shares may then be re-issued under the same terms as our authorized shares.

Dissent Rights of Shareholders

If you wish to dissent and do so in compliance with Section 190 of the CBCA, and we proceed with the continuance, you will be entitled to be paid the fair value of the shares you hold. Fair value is determined as of the close of business on the day before the continuance is approved by our shareholders. If you wish to dissent, you must send written objection to the continuance to us at or before the special meeting. If you vote in favor of the continuance, you in effect lose your rights to dissent. If you withhold your vote or vote against the continuance, you preserve your dissent rights to the extent you comply with Section 190 of the CBCA. However, it is not sufficient to vote against the continuance or to withhold your vote. You must also provide a separate dissent notice at or before the special meeting.

If you grant a proxy and intend to dissent, the proxy must instruct the proxy holder to vote against the continuance in order to prevent the proxy holder from voting such shares in favor of the continuance and thereby voiding your right to dissent. Under the CBCA, you have no right of partial dissent. Accordingly, you may only dissent as to all your shares. Section 190 of the CBCA is reprinted in its entirety as Exhibit E to this Circular.

Tax Consequences of the Domestication

United States Federal Income Tax Considerations

For the reasons described in greater detail below under the caption "Proposal 1 — The Domestication — United States Federal Income Tax Considerations," we have been advised the change in our jurisdiction of incorporation will constitute a "reorganization" within the meaning of Section 368(a) of the United States Internal Revenue Code of 1986, as amended, or the Code. If, for any reason, we determine that the domestication would not qualify as a "reorganization," we will abandon the domestication. As a result of the domestication constituting a "reorganization," we will not recognize any gain or loss for U.S. federal income tax purposes on the domestication, other than with respect to our holdings of U.S. real property. With respect to our U.S. real property interests, the domestication will result in our recognizing taxable gain equal to the excess of the fair market value of such U.S. real property on the date of the domestication over our adjusted tax basis in that real property. We estimate that taxable gain to be approximately \$670,000, but can give no assurance that the Internal Revenue Service (the "IRS") will accept our calculation of the amount of the gain. The amount of our actual United States federal income tax liability for the year of the domestication will also depend upon our other items of taxable income or loss for the year, including net operating loss carryovers from prior years.

For non-dissenting U.S. shareholders, the domestication also would be tax-free for United States income tax purposes, with two possible exceptions. First, we met the definition of a "passive foreign investment company" under Code Section 1297 during certain taxable periods prior to 2002; accordingly, proposed Treasury Regulations under Code Section 1291(f) will require U.S. holders who acquired their shares of our Company prior to 2002 to recognize taxable gain on the domestication equal to the excess of the fair market value of their shares on the date of domestication over their tax basis in such shares. Second, Code Section 367 has the effect of potentially imposing income tax on certain U.S. holders in connection with the domestication. Pursuant to the Treasury Regulations under Code Section 367, any U.S. holder that owns, directly or through attribution, 10% or more of the combined voting power of all classes of our stock (which we refer to as a 10% shareholder) will have to recognize a deemed dividend on the domestication equal to the "all earnings and profits amount," within the meaning of Treasury Regulation Section 1.367(b)-2, attributable to such holder's shares in the Company. Any U.S. shareholder that is not a 10% shareholder and whose shares have a fair market value of less than \$50,000 on the date of the domestication will recognize no gain or loss as a result of the domestication. A U.S. shareholder that is not a 10% shareholder but whose shares have a fair market value of at least \$50,000 on the date of the domestication must recognize gain (but not loss) on the domestication equal to the excess of the fair market value of the Company stock at the time of the domestication over the shareholder's tax basis in such shares. Such a U.S. holder, however, instead of recognizing gain, may elect to include in income as a deemed dividend the "all earnings and profits amount" attributable to his shares in the Company which we refer to as a "Deemed Dividend Election." Based on available information, we believe that no U.S. shareholder of the Company should have a positive "all earnings and profits amount" attributable to such shareholder's shares in the Company, and accordingly no 10% shareholder or shareholders who makes a Deemed Dividend Election should be subject to tax under Code Section 367 on the domestication. Our determination with respect to the "all earnings and profits amount" results from calculations performed by our accounting firm based on information provided to them by us. However, no assurance can be given that the IRS will agree with us. If it does not, a U.S. shareholder may be subject to adverse U.S. federal income tax consequences under Code Section 367. A U.S. shareholder's tax basis in the shares of Altair Nevada received in the exchange will be equal to such shareholder's tax basis in the shares of the Company, increased by the amount of gain (if any) recognized in connection with the domestication or the amount of the "all earnings and profits amount" included in income by such U.S. shareholder. A U.S. shareholder's holding period in the shares of Altair Nevada should include the period of time during which such shareholder held his shares in the Company, provided that the shares of the Company were held as capital assets.

Canadian Federal Income Tax Considerations

Under the Income Tax Act (Canada), or the ITA, the change in our jurisdiction from Canada to the United States will cause our tax year to end immediately before the continuance. Furthermore, we will be deemed to have disposed of all of our property immediately before the continuance for proceeds of disposition equal to the fair market value of the property at that time. We will be subject to a separate corporate emigration tax equal to the amount by which the fair market value of all of our property immediately before the continuance exceeds the aggregate of our liabilities at that time (other than dividends payable and taxes payable in connection with this emigration tax) and the amount of paid-up capital on all of our issued and outstanding shares. With the assistance of professional advisors, we have reviewed our assets, liabilities, paid-up capital and other tax balances and, assuming that the market price of our common shares does not exceed \$1.50 per share (proportionately adjusted for any consolidation of our common shares), that the exchange rate of the Canadian dollar to the U.S. dollar is CDN \$1.00 equals \$0.95 and that the value of our property does not increase, it is anticipated that there will be no Canadian federal income taxation arising on the continuance.

Our shareholders who remain holding the shares after the continuance will not be considered to have disposed of their shares by reason only of the continuance. Accordingly, the continuance will not cause shareholders to realize a capital gain or loss on their shares, and there will be no effect on the adjusted cost base of their shares. Our shareholders who dissent to the continuance may be deemed to receive a taxable dividend equal to the amount by which the amount received for their shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the paid-up capital of such shares, if the shares were cancelled before the continuance became effective. A dissenting shareholder will also be considered to have disposed of the shares for proceeds of disposition equal to the amount paid to such shareholder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend.

The foregoing is a brief summary of the principal income tax considerations only and is qualified in its entirety by the more detailed description of income tax considerations in the “United States Federal Income Tax Considerations” and “Canadian Federal Income Tax Considerations” subsections under “Proposal No. 1 – The Domestication”, of this Circular, which shareholders are urged to read. This summary does not discuss all aspects of United States and Canadian tax consequences that may apply in connection with the domestication. Shareholders should consult their own tax advisors as to the tax consequences of the domestication applicable to them. In addition, please note that other tax consequences may arise under applicable law in other countries.

Selected Financial Data

The table below presents our selected historical consolidated financial data as of and for each of the five years ended December 31, 2009, 2008, 2007, 2006 and 2005. The selected historical consolidated financial data as of and for the five years ended December 31, 2009 is derived from our audited consolidated financial statements, which have been audited by Perry-Smith LLP, an independent registered public accounting firm and are included in this Circular.

The selected historical consolidated financial data set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included herein. Our financial statements included in this Circular have been prepared in accordance with U.S. GAAP.

Amounts are expressed in thousands of dollars, except share and per share amounts.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Revenue	\$ 4,371	\$ 5,726	\$ 9,108	\$ 4,324	\$ 2,807
Net (loss)	\$ (21,312)	\$ (29,068)	\$ (31,471)	\$ (17,200)	\$ (9,937)
Net (loss) per share – basic and diluted	\$ (.21)	\$ (.34)	\$ (.45)	\$ (.29)	\$ (.17)
Total assets	\$ 40,952	\$ 48,071	\$ 73,859	\$ 43,121	\$ 33,464
Total liabilities	\$ 4,092	\$ 4,255	\$ 15,529	\$ 5,300	\$ 4,828
Cash dividends declared per common share	\$ -	\$ -	\$ -	\$ -	\$ -
Shareholders’ equity	\$ 36,319	\$ 42,718	\$ 56,961	\$ 37,821	\$ 28,636
Working capital	\$ 22,118	\$ 26,067	\$ 39,573	\$ 25,928	\$ 21,483
Number of shares of capital stock outstanding	105,400,728	93,143,271	84,068,377	69,079,270	59,316,519

RISK FACTORS

This Circular contains various forward-looking statements. Such statements can be identified by the use of the forward-looking words “anticipate,” “estimate,” “project,” “likely,” “believe,” “intend,” “expect,” or similar words. These statements discuss future expectations, contain projections regarding future developments, operations, or financial conditions, or state other forward-looking information within the meaning of Section 27A of the United States Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”). When considering such forward-looking statements, you should keep in mind the risk factors noted herein under “Risk Factors” and other cautionary statements throughout this Circular and our other filings with the SEC. You should also keep in mind that all forward-looking statements are based on management’s existing beliefs about present and future events outside of management’s control and on assumptions that may prove to be incorrect. If one or more risks identified in this Circular or any other applicable filings materializes, or any other underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected, or intended.

Risks Relating to the Domestication

The amount of corporate tax payable by us will be affected by the value of our common shares and our property on the date of the domestication.

For Canadian tax purposes, on the date of the domestication we will be deemed to have a year end and will also be deemed to have sold all of our property and received the fair market value for those properties. This deemed disposition may cause us to incur a Canadian tax liability as a result of the deemed capital gain. We will be subject to an additional corporate emigration tax equal to 5% of the amount by which the fair market value of our property, net of liabilities, exceeds the paid-up capital of our issued and outstanding shares. We have completed certain calculations of our tax accounts with the assistance of professional advisors, and assuming that the market price of our common shares does not exceed \$1.50 per share (proportionately adjusted for any consolidation of our common shares), that the exchange rate of the Canadian dollar to the U.S. dollar is CDN \$1.00 equals \$0.95 and that the value of our property does not increase, it is anticipated that there will not be any Canadian federal income tax arising on the continuance. The amount of such corporate emigration tax will be increased (or reduced) by any increase (or decrease) in the value of our stock price or property, and it is possible that the Canadian federal tax authorities may not accept our valuations or calculations of our tax accounts, which may result in additional taxes payable as a result of the domestication. As is customary, when a Canadian federal tax liability depends largely on factual matters, we have not applied to the Canadian federal tax authorities for a ruling on this matter and do not intend to do so.

As a result of the domestication, we will incur U.S. taxable gain and tax liability at the corporate level with respect to the fair market value of our U.S. real property interests, and the amount of such taxable gain and resulting tax liability is subject to challenge and redetermination by the IRS.

We believe that the domestication will qualify as a “reorganization” for U.S. federal income tax purposes. As a result of the domestication being a “reorganization,” we will not recognize any taxable gain for U.S. federal income tax purposes on the domestication at the corporate level except to the extent that the fair market value of our U.S. real property exceeds our adjusted tax basis in such U.S. real property. We estimate that the fair market value of our U.S. real property currently exceeds our adjusted tax basis in that property by an amount of \$670,000. If the IRS does not agree with our valuation of our U.S. real property interests, however, our U.S. taxable gain on the domestication could be greater. The actual amount of our U.S. federal income tax liability for the year of the domestication will also depend upon our other items of taxable income and loss for the year, including net operating loss carryovers from prior years.

If the IRS does not agree with our calculation of the “all earnings and profits amount” attributable to a U.S. shareholder’s shares, or a U.S. shareholder owned our shares while we were a passive foreign investment company prior to 2002, the shareholder may owe U.S. federal income taxes as a result of the domestication.

Because the domestication will be a “reorganization” for U.S. federal income tax purposes our U.S. shareholders will not recognize any taxable gain or loss at the shareholder level on the domestication, subject to two possible exceptions.

First, U.S. shareholders who own directly or indirectly 10% or more of our outstanding common stock will have to recognize taxable dividend income on the domestication to the extent of the “all earnings and profits” amount, if any, allocable to their shares under Treasury Regulation Section 1.367(b)-2. Similarly, U.S. holders of shares of our corporation having a value of \$50,000 or more will have to recognize taxable gain on the domestication equal to the excess of the value of their shares over their adjusted tax basis in the shares unless they timely make a “deemed dividend” election to instead be taxed on the “all earnings and profits” amount, if any, allocable to their shares in our corporation. Based on a review of information available to us, we believe that Altair Nanotechnologies Inc. has a deficit in “earnings and profits.” As a result, no U.S. shareholder should have a positive “all earnings and profits amount” attributable to such shareholder’s common shares. Therefore, no 10% or greater U.S. shareholder of our corporation should be subject to U.S. income tax on any “all earnings and profits amount” as a result of the domestication. By timely making a Deemed Dividend Election, any less than 10% U.S. shareholder who would otherwise be subject to U.S. tax on the domestication as a result of holding appreciated shares worth \$50,000 or more should not be required to include any such amount in income. However, if the IRS does not agree with our calculation of the “all earnings and profits amount,” a U.S. shareholder may be subject to adverse U.S. federal income tax consequences on the domestication.

Second, if a U.S. shareholder owned our shares during any taxable year in which we were a “passive foreign investment company” within the meaning of Section 1297 of the Code, such shareholder may have to recognize taxable gain on the domestication to the extent those shares have a value in excess of the shareholder’s adjusted tax basis in the shares. We believe we were not a “passive foreign investment company” in 2002 or any later taxable year, but we may have been a passive foreign investment company at various times prior to 2002. U.S. shareholders who acquired their shares of our corporation prior to 2002 should confer with their individual tax advisors regarding the effects of the passive foreign investment company rules.

For additional information on the U.S. federal income tax consequences of the domestication, see “Proposal No.1 – The Domestication -- United States Federal Income Tax Considerations.”

The rights of our shareholders under Canadian law will differ from their rights under Nevada law, which will, in some cases, provide less protection to shareholders following the domestication.

Upon consummation of the domestication, our shareholders will become stockholders of a Nevada corporation. There are material differences between the CBCA and Nevada corporate law and our current and proposed charter and bylaws. For example, under Canadian law, many significant corporate actions such as amending a corporation’s articles of incorporation or consummating a merger require the approval of at least two-thirds of the votes cast by shareholders, whereas under Nevada law, what is required is a majority of the total voting power of all of those entitled to vote on the matter. Furthermore, shareholders under Canadian law are entitled to appraisal/dissent rights under a number of extraordinary corporate actions, including an amalgamation with another unrelated corporation, certain amendments to a corporation’s articles of incorporation or the sale of all or substantially all of a corporation’s assets, whereas under Nevada law, stockholders are only entitled to appraisal rights for certain mergers, share exchanges and other transactions in which a stockholder receives only cash or script for shares. When directors make, amend or repeal a bylaw, they are required under the CBCA to submit the change to shareholders at the next meeting of shareholders. Shareholders may confirm, reject or amend the bylaw, the amendment or the repeal with the approval of a majority of the votes cast by shareholders who voted on the resolution. Under Nevada law, corporation’s board of directors is permitted to amend bylaws without stockholder approval. As shown by the examples above, if the domestication is approved, our shareholders, in certain circumstances, may be afforded less protection under Nevada corporate law than they had under the CBCA. See “Proposal No.1 — The Domestication — Comparison of Shareholder Rights.”

The proposed domestication will result in additional direct and indirect costs whether or not completed.

The domestication will result in additional direct costs. We will incur attorneys' fees, accountants' fees, filing fees, mailing expenses and financial printing expenses in connection with the domestication. The domestication may also result in certain indirect costs by diverting the attention of our management and employees from the day-to-day management of the business, which may result in increased administrative costs and expenses.

Risks Relating to Our Company

We may not be able to raise sufficient capital to fund our operations.

As of March 31, 2010, we had approximately \$12.3 million in cash and cash equivalents. We need additional capital in order to sustain our ongoing operations, continue testing and additional development work and acquire inventory and/or expand and operate facilities for the production of potential product orders.

We may not be able to obtain the amount of additional capital needed or may be forced to pay an extremely high price for capital. Factors affecting the availability and price of capital may include the following:

market factors affecting the availability and cost of capital generally, including recent increases or decreases in major stock market indexes, the stability of the banking and investment banking systems and general economic stability or instability;

the price, volatility and trading volume of our common shares;

our financial results, particularly the amount of revenue we are generating from product sales;

the amount of our capital needs;

the market's perception of companies in our line of business;

the economics of projects being pursued; and

the market's perception of our ability to execute our business plan and any specific projects identified as uses of proceeds.

If we are unable to obtain sufficient capital or are in a position to pay a high price for capital, we may be unable to meet future obligations or adequately exploit existing or future opportunities. If we are unable to obtain sufficient capital for an extended period of time, or enter into a business combination transaction with a company with additional capital or complementary strengths, we may be forced to curtail or discontinue operations.

We may continue to experience significant losses from operations.

We have experienced a net loss in every fiscal year since our inception. Our loss from operations was \$22.9 million in 2009 and \$6.1 million for the three months ended March 31, 2010. Even if we do generate operating income in one or more quarters in the future, subsequent developments in the economy, our industry, customer base, business or cost structure, or an event such as significant litigation or a significant transaction, may cause us to again experience operating losses. We may never become profitable.

Our quarterly operating results have fluctuated significantly in the past and will continue to fluctuate in the future, which could cause our stock price to decline.

Our quarterly operating results have fluctuated significantly in the past, and we believe that they will continue to fluctuate in the future, due to a number of factors, many of which are beyond our control. If in future periods our operating results do not meet the expectations of investors or analysts who choose to follow our company, the price of our common shares may fall. Factors that may affect our quarterly operating results include the following:

fluctuations in the size, quantity and timing of customer orders from one quarter to the next;

timing of delivery of our services and products;

additions of new customers or losses of existing customers;

positive or negative business or financial developments announced by us or our key customers;

our ability to commercialize and obtain orders for products we are developing;

costs associated with developing our manufacturing capabilities;

the retention of our key employees;

new product announcements or introductions by our competitors or potential competitors;

the effect of variations in the market price of our common shares on our equity-based compensation expenses;

disruptions in the supply of raw materials or components used in the manufacture of our products;

the pace of adoption of regulation facilitating our ability to sell our products in our target markets ;

technology and intellectual property issues associated with our products; and

general political, social, geopolitical and economic trends and events.

A majority of our revenue has historically been generated from low-margin contract research and development services; if we cannot expand revenues from other products and services, our business will fail.

Historically, a majority of our revenue has come from contract research and development services for businesses and government agencies. During the years ended December 31, 2009, 2008 and 2007, contract service revenues comprised 65%, 87% and 55% respectively, of our operating revenues. Contract services revenue is low margin, or has negative margins, and is unlikely to grow at a rapid pace. Our business plan anticipates revenues from product sales and licensing, both of which have potential for higher margins than contract services and have potential for rapid growth, increasing in coming years. If we are not successful in significantly expanding our revenues, or if we are forced to accept low or negative margins in order to achieve revenue growth, we may fail to reach profitability in the future.

We need to secure orders in the stationary power market in order to establish the viability of our large-scale stationary battery.

To date, substantially all of our orders have been made as part of testing and development arrangements with key customers. In order to establish the market viability of our stationary power battery products, we need to procure additional orders of market scale stationary power batteries in the near future and demonstrate the viability of such batteries. If we are unable to generate one or more significant orders for stationary batteries in the near future, our ability to establish a foothold in this emerging market could be compromised. Any failure to grow our stationary power battery business will significantly harm our ability to increase revenues and become profitable.

We may be obligated to pay a royalty on sales into the stationary power market.

In a joint development agreement we entered into in 2007 to develop a collection of advanced lithium based battery systems to provide frequency regulation and other services to the electricity generations and transmission markets, we granted a royalty of 5% of the gross revenue we realize from the sale of these jointly developed battery systems through July 20, 2012. We believe that the battery systems we are marketing are outside the scope of the royalty provisions for various reasons, primarily because they are of different design and configuration than the jointly developed product. Nevertheless, we may not prevail in our position, and as we begin generating revenue from the sale of large scale stationary batteries for use in connection with electrical transmission and regulation, we may be required to pay this royalty. This would harm our gross margins on such sales. We may also incur litigation expenses, and management attention may be diverted from the operation of our business.

We depend upon several sole-source third-party suppliers.

We rely on certain suppliers as the sole-source of certain services, raw materials and other components of our products, including our battery cells. We do not have long-term supply or service agreements with most of these suppliers. As a result, the providers of such services and components could terminate or alter the terms of service or supply with little or no advance notice. If our arrangements with any sole-source supplier were terminated, or if such a supplier failed to provide essential services or deliver essential components on a timely basis, failed to meet our product specifications and/or quality standards, or introduced unacceptable price increases, our production schedule would be delayed, possibly by as long as six months. Any such delay in our production schedule would result in delayed product delivery and may also result in additional production costs, customer losses and litigation.

The most critical sole-source relationship we currently have is for the manufacture of our battery cells. We currently have one supplier that produces all of our battery cells. These cells include our proprietary nano lithium titanate material produced in Reno, Nevada. Our contract manufacturer uses this material and other components that they acquire elsewhere to manufacture our cells and then delivers those cells to our Anderson, Indiana manufacturing facility. We then manufacture battery modules or packs used in electric buses and also manufacture complete multi-megawatt energy storage solutions for the electric grid and renewables integration markets. This battery cell supplier is critical to our manufacturing process. We are currently in the process of qualifying a second contract manufacturer and expect to have this capability in place by the end of this year. However, unless and until an agreement with a second supplier is reached, we will remain dependent upon this single supplier.

We have experienced a quality issue with our existing battery cell supplier which has impacted our near-term ability to supply product to our customers. We are currently conducting validation testing and audits of the manufacturer's processes to confirm resolution of the quality issue and have authorized a conditional resumption of production. The delay in this problem rectification, if it continues for an extended period, may have an adverse impact on the delivery of our products during 2010.

Continuing adverse economic conditions could reduce, or delay demand for our products.

The financial markets and general economic conditions are still very weak. Our products are targeted primarily at large power producers worldwide, the U.S. and British military, military contractors and bus manufacturers. Due to declining revenues and concerns about liquidity, companies and branches of the military in our target markets have reduced, delayed or eliminated many research and development initiatives, including those related to energy storage. This reduction or delay in development spending by key customers is hindering our development and production efforts and will continue to do so until development spending increases from current depressed levels.

Our patent applications, patents and other protective measures may not adequately protect our proprietary intellectual property.

We regard our intellectual property, particularly our proprietary rights in our nano lithium titanate technology, as critical to our success. We have received various patents, and filed other patent applications, for various applications and aspects of our nano lithium titanate technology and other intellectual property. Such patents and patent applications and various other measures we take to protect our intellectual property from use by others may not be effective for various reasons, including the following:

Our pending patent applications may not be granted for various reasons, including the existence of conflicting patents or defects in our applications, if there was in existence relevant prior art or the invention was deemed by the examiner to be obvious to a person skilled in the art whether or not there were other existing patents. Risks associated with patent applications are enhanced because patent applications of others remain confidential for a period of approximately 18 months after filing; as a result, our belief that we are the first creator or an invention or the first to patent it may prove incorrect, as information related to conflicting patents is first published or first brought to our attention;

The patents we have been granted may be challenged, invalidated, narrowed or circumvented because of the pre-existence of similar patented or unpatented intellectual property rights or for other reasons

The costs associated with enforcing patents, invention agreements or other intellectual property rights may make aggressive enforcement cost prohibitive;

Even if we enforce our rights aggressively, injunctions, fines and other penalties may be insufficient to deter violations of our intellectual property rights; and

Other persons may independently develop proprietary information and techniques that, although functionally equivalent or superior to our intellectual proprietary information and techniques, do not breach our proprietary rights.

Our inability to protect our proprietary intellectual property rights or gain a competitive advantage from such rights could harm our ability to generate revenues and, as a result, our business and operations.

We may be involved in lawsuits to protect or enforce our patents, which could be expensive, time consuming and involve adverse publicity and adverse results.

Competitors or others may infringe our patents. To counter infringement or unauthorized use, we may be required to file patent infringement claims, which can be expensive and time-consuming. Interference proceedings brought by the United States Patent and Trademark Office may be necessary to determine the priority of inventions with respect to our patent applications. Litigation or interference proceedings may result in substantial costs and be a distraction to our management.

Because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure. In addition, during the course of this litigation (even if ultimately successful), there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common shares.

In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover that technology. An adverse determination of any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

We may not prevail in any litigation or interference proceeding in which we are involved. Even if we do prevail, these proceedings can be expensive, result in adverse publicity and distract our management.

Other parties may bring intellectual property infringement claims against us, which would be time-consuming and expensive to defend, and if any of our products or processes is found to be infringing, we may not be able to procure licenses to use patents necessary to our business at reasonable terms, if at all.

Our success depends in part on avoiding the infringement of other parties' patents and proprietary rights. We may inadvertently infringe existing third-party patents or third-party patents issued on existing patent applications. Third party holders of such patents or patent applications could bring claims against us that, even if resolved in our favor, could cause us to incur substantial expenses and, if resolved against us, could cause us to pay substantial damages. Under some circumstances in the United States, these damages could be triple the actual damages the patent holder incurs.

If we have supplied infringing products to third parties for marketing or licensed third parties to manufacture, use or market infringing products, we may be obligated to indemnify these third parties for any damages they may be required to pay to the patent holder and for any losses the third parties may sustain themselves as the result of lost sales or damages paid to the patent holder. In addition, we have, and may be required to, make representations as to our right to supply and/or license intellectual property and to our compliance with laws. Such representations are usually supported by indemnification provisions requiring us to defend our customers and otherwise make them whole if we license or supply products that infringe on third party technologies or violate government regulations. Further, if a patent infringement suit were brought against us, we and our customers, development partners and licensees could be forced to stop or delay research, development, manufacturing or sales of products based on our technologies in the country or countries covered by the patent we infringe, unless we can obtain a license from the patent holder. Such a license may not be available on acceptable terms, or at all, particularly if the third party is developing or marketing a product competitive with products based on our technologies. Even if we were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property.

Any successful infringement action brought against us may also adversely affect marketing of products based on our technologies in other markets not covered by the infringement action. Furthermore, we may suffer adverse consequences from a successful infringement action against us even if the action is subsequently reversed on appeal, nullified through another action or resolved by settlement with the patent holder. As a result, any infringement action against us would likely harm our competitive position, be costly and require significant time and attention of our key management and technical personnel.

We may be unable to adequately prevent disclosure of trade secrets and other proprietary information.

We rely on trade secrets to protect our proprietary technologies, especially where we do not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. We rely in part on confidentiality agreements with our employees, contractors, consultants, outside scientific collaborators and other advisors to protect our trade secrets and other proprietary information. Parties to the confidentiality agreements may have such agreements declared unenforceable or, even if the agreements are enforceable, may breach such agreements. Remedies available in connection with the breach of such agreements may not be adequate, or enforcing such agreement may be cost prohibitive. Courts outside the United States may be less willing to protect trade secrets. In addition, others may independently discover our trade secrets or independently develop processes or products that are similar or identical to our trade secrets. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection would harm our competitive business position.

The commercialization of many of our products is dependent upon the efforts of commercial partners and other third parties over which we have no or little control.

The commercialization of our principal products requires the cooperation and efforts of commercial partners and customers. For example, because completion and testing of our large-scale stationary battery packs for power suppliers requires input from utilities and connection to a power network, commercialization of such battery packs can only be done in conjunction with a power or utility company. The commercialization of military, transportation and other applications of our technology is also dependent, in part, upon the expertise, resources and efforts of our commercial partners. This presents certain risks, including the following:

- we may not be able to enter into development, licensing, supply and other agreements with commercial partners with appropriate resources, technology and expertise on reasonable terms or at all;

- our commercial partners may not place the same priority on a project as we do, may fail to honor contractual commitments, may not have the level of resources, expertise, market strength or other characteristics necessary for the success of the project, may dedicate only limited resources to, and/or may abandon, a development project for reasons, including reasons such as a shift in corporate focus, unrelated to its merits;

- our commercial partners may be in the early stages of development and may not have sufficient liquidity to invest in joint development projects, expand their businesses and purchase our products as expected or honor contractual commitments;

- our commercial partners may terminate joint testing, development or marketing projects on the merits of the projects for various reasons, including determinations that a project is not feasible, cost-effective or likely to lead to a marketable end product;

- at various stages in the testing, development, marketing or production process, we may have disputes with our commercial partners, which may inhibit development, lead to an abandonment of the project or have other negative consequences; and

- even if the commercialization and marketing of jointly developed products is successful, our revenue share may be limited and may not exceed our associated development and operating costs.

As a result of the actions or omissions of our commercial partners, or our inability to identify and enter into suitable arrangements with qualified commercial partners, we may be unable to commercialize apparently viable products on a

timely and cost-effective basis, or at all.

Interest in our nano lithium titanate batteries is affected by energy supply and pricing, political events, popular consciousness and other factors over which we have no control.

Currently, our marketing and development efforts for our batteries and battery materials are focused primarily on stationary power, mass transit and military applications. In the transportation and military markets, batteries containing our nano lithium titanate materials are designed to replace or supplement gasoline and diesel engines. In the stationary power applications, our batteries are designed to conserve and regulate the stable supply of electricity, including from renewable sources. The interest of our potential customers and business partners in our products and services is affected by a number of factors beyond our control, including:

economic conditions and capital financing and liquidity constraints;

short-term and long-term trends in the supply and price of gasoline, diesel, coal and other fuels;

the anticipated or actual granting or elimination by governments of tax and other financial incentives favoring electric or hybrid electric vehicles and renewable energy production;

the ability of the various regulatory bodies to define the rules and procedures under which this new technology can be deployed into the electric grid;

the anticipated or actual funding, or elimination of funding, for programs that support renewable energy programs, electric grid improvements, certain military electric vehicle initiatives and related programs;

changes in public and investor interest for financial and/or environmental reasons, in supporting or adopting alternatives to gasoline and diesel for transportation and other purposes;

the overall economic environment and the availability of credit to assist customers in purchasing our large battery systems, particularly project financing;

the expansion or contraction of private and public research and development budgets as a result of global and U.S. economic trends; and

the speed of incorporation of renewable energy generating sources into the electric grid.

Adverse trends in one or more of these factors may inhibit our ability to commercialize our products and expand revenues from our battery materials and batteries.

Our nano lithium titanate battery materials and battery business is currently dependent upon a few customers and potential customers, which presents various risks.

Our nano lithium titanate battery materials and battery business is dependent upon a few current or potential customers, including the U.S. government, a small number of power producers and smaller companies developing electric or hybrid electric buses. In addition, most of these customers are, or are expected to be development partners who are subsidizing the research and development of products for which they may be the sole, or one of a few, potential purchasers. As a result of the small number of potential customers and partners, our existing or potential customers and partners may have significant leverage on pricing terms, exclusivity terms and other economic and noneconomic terms. This may harm our attempts to sell products at prices that reflect desired gross margins. In addition, the decision by a single customer to abandon use or development of a product, or budget cutbacks and other events harming the ability of a single customer to continue to purchase products or continue development may significantly harm both our financial results and the development track of one or more products.

If we acquire or merge with other companies and we are unable to integrate them with our business, or we do not realize the anticipated financial and strategic goals for any of these transactions, our financial performance may be impaired.

As part of our growth strategy, we routinely consider acquiring or merging with other companies that we believe are strategic to our business. We do not have extensive experience in conducting diligence on, evaluating, purchasing or integrating new businesses or technologies, and if we do succeed in acquiring or investing in a company or technology, we will be exposed to a number of risks, including:

we may find that the transaction does not further our business strategy, that we overpaid for the company or its technology or that the economic conditions underlying our transaction decision have changed;

we may have difficulty integrating the assets, technologies, operations or personnel of a company we have acquired or merged with, or retaining and integrating key personnel;

our ongoing business and management's attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically or culturally diverse enterprises;

we may encounter difficulty entering and competing in new product or geographic markets or increased competition, including price competition or intellectual property litigation; and

we may experience significant problems or liabilities associated with product quality, technology and legal contingencies relating to the integrated business or technology, such as intellectual property or employment matters.

In addition, from time to time we may enter into negotiations for acquisitions, mergers or other transactions that are not ultimately consummated. These negotiations could result in significant diversion of management time, as well as substantial out-of-pocket costs. If we were to proceed with one or more significant acquisitions or other transactions in which the consideration included cash, we could be required to use a substantial portion of our available cash. To the extent we issue shares of capital stock or other rights to purchase capital stock, including options and warrants, existing stockholders would be diluted. In addition, acquisitions or other transactions may result in the incurrence of debt, large one-time write-offs, such as acquired in-process research and development costs, and restructuring charges.

We intend to expand our operations and increase our expenditures in an effort to grow our business. If we are unable to achieve or manage significant growth and expansion, or if our business does not grow as we expect, our operating results may suffer.

During the past several years, we have increased our research and development expenditures in an attempt to accelerate the commercialization of certain products, particularly our nano lithium titanate batteries. Our business plan anticipates continued expenditure on development, manufacturing and other growth initiatives. We may fail to achieve significant growth despite such expenditures. If achieved, significant growth would place increased demands on our management, accounting systems, quality control and internal controls. We may be unable to expand associated resources and refine associated systems fast enough to keep pace with expansion, especially as we expand into multiple facilities in distant locations. If we fail to ensure that our management, control and other systems keep pace with growth, we may experience a decline in the effectiveness and focus of our management team, problems with timely or accurate reporting, issues with costs and quality controls and other problems associated with a failure to manage rapid growth, all of which would harm our results of operations.

Our competitors have more resources than we do, and may be supported by more prominent partners, which may give them a competitive advantage.

We have limited financial, personnel and other resources and, because of our early stage of development, have limited access to capital. We compete or may compete against entities that are much larger than we are, have more extensive resources than we do and have an established reputation and operating history. In addition, certain of our early stage competitors, including A123 Systems, are partnered with, associated with or supported by larger business or financial partners. This may increase their ability to raise capital, attract media attention, develop products and attract customers. Because of their size, resources, reputation and history (or that of their business and financial partners) certain of our competitors may be able to exploit acquisition, development and joint venture opportunities more rapidly, easily or thoroughly than we can. In addition, potential customers may choose to do business with our more established competitors, without regard to the comparative quality of our products, because of their perception that our competitors are more stable, are more likely to complete various projects, are more likely to continue as a going concern and lend greater credibility to any joint venture.

Our government grants and contracts are subject to termination or delays by the government.

A substantial portion of our current revenue is derived from government grants and contracts. These government grants and contracts are subject to termination or delay of funding at the election of the government. Termination or delayed funding of such agreements by the government would significantly reduce our revenue and inhibit our ability to sustain our operations and research.

Sherwin-Williams may elect not to, or be unable to finance and continue AIsher Titania LLC or a related enterprise using our pigment production technology, in which case we would not receive any revenues or royalties related to such technology.

We transferred to Sherwin-Williams our 70% interest in AIsher Titania LLC, which holds an exclusive license to use our intellectual property relating to the Altairnano Hydrochloride Process for the production of pigments and similar powders or materials. Under agreements related to the transfer, we received no upfront consideration, and our right to receive a percentage of revenue over time is capped at \$3,000,000 in the aggregate. Our receipt of any revenue under our agreement is tied to Sherwin-Williams or AIsher continuing to develop and exploit the technology, over which we have no control or influence. It is uncertain that we will receive any proceeds related to our pigment technology and unlikely that total revenues will be significant in the long term.

As manufacturing becomes a larger part of our operations, we will become exposed to accompanying risks and liabilities.

We have not produced any products on a sustained commercial basis. In-house or outsourced manufacturing is expected to become an increasingly significant part of our business over the next few years. As a result, we expect to become increasingly subject to various risks associated with the manufacturing and supply of products, including the following:

If we fail to supply products in accordance with contractual terms, including terms related to time of delivery and performance specifications, we may be required to repair or replace defective products and may become liable for direct, special, consequential and other damages, even if manufacturing or delivery was outsourced;

Raw materials used in the manufacturing process, labor and other key inputs may become scarce and expensive, causing our costs to exceed cost projections and associated revenues;

Manufacturing processes typically involve large machinery, fuels and chemicals, any or all of which may lead to accidents involving bodily harm, destruction of facilities and environmental contamination and associated liabilities;

As our manufacturing operations expand, we expect that a significant portion of our manufacturing will be done overseas, either by third-party contractors or in a plant owned by the company. Any manufacturing done overseas presents risks associated with quality control, currency exchange rates, foreign laws and customs, timing and loss risks associated with overseas transportation and potential adverse changes in the political, legal and social environment in the host country; and

We may have made, and may be required to make, representations as to our right to supply and/or license intellectual property and to our compliance with laws. Such representations are usually supported by indemnification provisions requiring us to defend our customers and otherwise make them whole if we license or supply products that infringe on third-party technologies or violate government regulations.

Any failure to adequately manage risks associated with the manufacture and supply of materials and products could lead to losses (or a decrease in gross profits) from that segment of our business and/or significant liabilities, which would harm our business, operations and financial condition.

If we are sued on a product liability claim, our insurance policies may not be sufficient.

Although we maintain general liability insurance and product liability insurance, our insurance may not cover all potential types of product liability claims to which manufacturers are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance or is in excess of our insurance coverage could harm our business, including our relationships with current customers and our ability to attract and retain new customers. In addition, if the liability were substantial relative to the size of our business, any uncovered liability could harm our liquidity and ability to continue as a going concern.

Laws regulating the manufacture or transportation of batteries may be enacted which could result in a delay in the production of our batteries or the imposition of additional costs that could harm our ability to be profitable.

At the present time, international, federal, state and local laws do not directly regulate the storage, use and disposal of the component parts of our batteries. However, laws and regulations may be enacted in the future which could impose environmental, health and safety controls on the storage, use and disposal of certain chemicals and metals used in the manufacture of lithium polymer batteries. Satisfying any future laws or regulations could require significant time and resources from our technical staff, including those related to possible redesign which may result in substantial expenditures and delays in the production of our product, all of which could harm our business and reduce our future profitability.

The transportation of lithium and lithium-ion batteries is regulated both domestically and internationally. Under recently revised United Nations recommendations and as adopted by the International Air Transport Association, our batteries and battery systems currently fall within the level such that they are not exempt and require a Class 9 designation for transportation. The revised United Nations recommendations are not U.S. law until such time as they are incorporated into the Hazardous Material Regulations of the U.S. Department of Transportation, or DOT. However, DOT has proposed new regulations harmonizing with the U.N. guidelines. At present it is not known if or when the proposed regulations would be adopted by the United States. Although we fall under the

equivalency levels for the United States and comply with all safety packaging requirements worldwide, future DOT or IATA approval process could require significant time and resources from our technical staff and, if redesign were necessary, could delay the introduction of new products.

If our warranty expense estimates differ materially from our actual claims, or if we are unable to estimate future warranty expense for new products, our business and financial results could be harmed.

Our warranty for our products ranges from one to three years from the date of sale, depending on the type of product and its application. We expect that in the future some of our warranties may extend for longer periods. Because our supply arrangements are negotiated, the scope of our product warranties differ substantially depending upon the product, the purchaser and the intended use; however, we have granted and may grant broad warranties, addressing such issues as leakage, cycle life and decline in power. We have a limited product history on which to base our warranty estimates. Because of the limited operating history of our batteries and battery systems, our management is required to make assumptions and to apply judgment regarding a number of factors, including anticipated rate of warranty claims, the durability and reliability of our products, and service delivery costs. Our assumptions could prove to be materially different from the actual performance of our batteries and battery systems, which could cause us to incur substantial expense to repair or replace defective products in the future and may exceed expected levels against which we have reserved. If our estimates prove incorrect, we could be required to accrue additional expenses from the time we realize our estimates are incorrect and also face a significant unplanned cash burden at the time our customers make a warranty claim, which could harm our operating results.

In addition, with our new products and products that remain under development, we will be required to base our warranty estimates on historical experience of similar products, testing of our batteries under laboratory conditions and limited performance information learned during our development activities with the customer. As a result, actual warranty claims may be significantly different from our estimates and our financial results could vary significantly from period-to-period.

Product liability or other claims could cause us to incur losses or damage our reputation.

The risk of product liability claims and associated adverse publicity is inherent in the development, manufacturing and sale of batteries and battery system. Certain materials we use in our batteries, as well as our batteries and battery systems, could, if used improperly, cause injuries to others. Improperly charging or discharging our batteries could cause fires. Any accident involving our batteries or other products could decrease or even eliminate demand for our products. Because some of our batteries are designed to be used in electric and hybrid electric buses, and because vehicle accidents can cause injury to persons and damage to property, we are subject to a risk of claims for such injuries and damages. In addition, we could be harmed by adverse publicity resulting from problems or accidents caused by third party products that incorporate our batteries. We could even be harmed by problems or accidents involving competing battery systems, if the market viewed our batteries as being vulnerable to similar problems. Any such claims, loss of customers or reputation harm would harm our financial results and ability to continue as a going concern.

Our past and future operations may lead to substantial environmental liability.

Virtually any prior or future use of our nanomaterials and titanium dioxide pigment technology is subject to federal, state and local environmental laws. Under such laws, we may be jointly and severally liable with prior property owners for the treatment, cleanup, remediation and/or removal of any hazardous substances discovered at any property we use. In addition, courts or government agencies may impose liability for, among other things, the improper release, discharge, storage, use, disposal or transportation of hazardous substances. If we incur any significant environmental liabilities, our ability to execute our business plan and our financial condition would be harmed.

Certain of our experts and directors reside in Canada or Dubai and may be able to avoid civil liability.

We are a Canadian corporation, and two of our directors and our Canadian legal counsel are residents of Canada. Two directors are residents of Dubai. As a result, investors may be unable to effect service of process upon such persons within the United States and may be unable to enforce court judgments against such persons predicated upon civil liability provisions of the U.S. securities laws. It is uncertain whether Canadian or Dubai courts would enforce judgments of U.S. courts obtained against us or such directors, officers or experts predicated upon the civil liability provisions of U.S. securities laws or impose liability in original actions against us or our directors, officers or experts predicated upon U.S. securities laws.

We are dependent on key personnel.

Our continued success will depend, to a significant extent, on the services of our executive management team and certain key scientists and engineers. We do not have key man insurance on any of these individuals, nor do we have agreements requiring any of our key personnel to remain with our company. The loss or unavailability of any or all of these individuals could harm our ability to execute our business plan, maintain important business relationships and complete certain product development initiatives, which would harm our business.

We may issue substantial amounts of additional shares without stockholder approval.

Our articles of incorporation authorize the issuance of an unlimited number of common shares that may be issued without any action or approval by our stockholders. In addition, we have various stock option plans that have potential for diluting the ownership interests of our stockholders. The issuance of any additional common shares would further dilute the percentage ownership of our company held by existing stockholders.

The market price of our common shares is highly volatile and may increase or decrease dramatically at any time.

The market price of our common shares is highly volatile. Our stock price may change dramatically as the result of announcements of product developments, new products or innovations by us or our competitors, uncertainty regarding the viability of our technology or our product initiatives, significant customer contracts, significant litigation or other factors or events that would be expected to affect our business, financial condition, results of operations and future prospects. The market price for our common shares may be affected by various factors not directly related to our business or future prospects, including the following:

- intentional manipulation of our stock price by existing or future shareholders or a reaction by investors to trends in our stock rather than the fundamentals of our business;

- a single acquisition or disposition, or several related acquisitions or dispositions, of a large number of our shares, including by short sellers covering their position;

- the interest of the market in our business sector, without regard to our financial condition, results of operations or business prospects;

- positive or negative statements or projections about our company or our industry, by analysts, stock experts and other persons;

- the adoption of governmental regulations or government grant programs and similar developments in the United States or abroad that may enhance or detract from our ability to offer our products and services or affect our cost structure; and

- economic and other external market factors, such as a general decline in market prices due to poor economic conditions, investor distrust or a financial crisis.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our common shares, our stock price and trading volume could decline.

The trading market for our common shares is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our common shares adversely, or provide more favorable relative recommendations about our competitors, the price of our common shares would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial market, which in turn could cause the price or trading volume of our common shares to decline.

We may be delisted from the NASDAQ Capital Market if the price of our common shares does not remain above \$1.00 per share.

Under NASDAQ rules, a stock listed on the NASDAQ Capital Market must maintain a minimum bid price of at least \$1.00 per share. On December 22, 2009, we received a letter from NASDAQ indicating that the bid price of our common shares had closed below the minimum \$1.00 per share required for continued listing under NASDAQ Marketplace Rule 5550(a)(2). NASDAQ stated in its letter that, in accordance with Marketplace Rule 5810(c)(3)(A), we have been provided an initial period of 180 calendar days, or until June 21, 2010, to regain compliance with the minimum bid requirement. The letter also states that if at any time before June 21, 2010, the bid price of our common shares closes at \$1.00 per share or more for a minimum of 10 consecutive business days, the NASDAQ staff will provide us with written notification that we have achieved compliance with the minimum bid requirement. At the close of the grace period, if we have not regained compliance, we may be eligible for an additional grace period of 180 days, if we meet the initial listing standards, with the exception of bid price, for the NASDAQ Capital Market. If we are not eligible for an additional grace period, we will be delisted.

Following any such delisting, our common shares would likely be eligible for quotation on the OTC Bulletin Board or other quotation service. Nonetheless, even if our common shares are quoted on an alternative quotation service, the fact of being delisted from the NASDAQ Capital Market will likely harm the price and trading volume for our common shares, as many institutional shareholders and advisors will not trade in shares listed on the OTC Bulletin Board. Once delisted, our common shares would not be eligible for relisting on the NASDAQ Capital Market until, among other things, our common shares trade at or above \$4.00 per share.

Our shareholders have authorized our board of directors to effect a consolidation of our common shares.

Our shareholders have approved a resolution authorizing our board of directors, without further approval of the shareholders, to take all steps necessary to effect, or in its discretion not to effect, at any time on or before May 1, 2011, a consolidation (also known as a reverse split) of our common shares on the basis of a ratio within the range from 3:1 to 10:1, with any fractional share that remains after all shares beneficially held by a holder of the common shares have been consolidated being rounded up to a whole common share, with the ratio to be selected and implemented by the Board of Directors in its sole discretion. As of the date of this prospectus supplement, based upon its belief that we will qualify for the 180 day additional grace period for continued listing on the NASDAQ Capital Market, our Board of Directors has elected to defer any decision with respect to effecting the consolidation. It expects, however, to implement a consolidation prior to May 1, 2011 and reserves the right to do so at any time, subject to regulatory restrictions. Any decision to effect the consolidation, and even the existence of the authority to effect the consolidation, may harm the market price of, and trading volume in, our common shares.

We have never declared a cash dividend and do not intend to declare a cash dividend in the foreseeable future.

We have never declared or paid cash dividends on our common shares. We currently intend to retain any future earnings, if any, for use in our business and, therefore, do not anticipate paying dividends on our common shares in the foreseeable future.

We are subject to various regulatory regimes, and may be adversely affected by inquiries, investigations and allegations that we have not complied with governing rules and laws.

In light of our status as a public company and our lines of business, we are subject to a variety of laws and regulatory regimes in addition to those applicable to all businesses generally. For example, we are subject to the reporting requirements applicable to Canadian and United States reporting issuers, such as the Sarbanes-Oxley Act of 2002, the rules of the NASDAQ Capital Market and certain state and provincial securities laws. We are also subject to state and federal environmental, health and safety laws, and rules governing U.S. Department of Defense contracts. Such laws and rules change frequently and are often complex. In connection with such laws, we are subject to periodic audits, inquiries and investigations. Any such audits, inquiries and investigations may divert considerable financial and human resources and adversely affect the execution of our business plan.

Through such audits, inquiries and investigations, we or a regulator may determine that we are out of compliance with one or more governing rules or laws. Remediating such non-compliance diverts additional financial and human resources. In addition, in the future, we may be subject to a formal charge or determination that we have materially violated a governing law, rule or regulation. We may also be subject to lawsuits as a result of alleged violation of the securities laws or governing corporate laws. Any charge or allegation, and particularly any determination, that we had materially violated a governing law would harm our ability to enter into business relationships, recruit qualified officers and employees and raise capital.

THE SPECIAL MEETING

Important Notice Regarding the Availability of Proxy Materials for the special meeting to be held on July 30 , 2010. The Company's Management Proxy Circular is available on the Internet at <http://www.altairannualmeeting.com>.

Solicitation of Proxies

THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF ALTAIR NANOTECHNOLOGIES INC. OF PROXIES TO BE USED AT THE SPECIAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ENCLOSED NOTICE OF MEETING. This Circular, the Notice of meeting attached hereto, and the accompanying form of proxy are first being mailed to the shareholders of the Company on or about June 28 , 2010. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by email, by facsimile or by telephone by officers and employees of the Company without additional compensation therefore. In addition, D. F. King & Co. Inc. has been retained to assist in soliciting proxies and tabulating votes.

The cost of solicitation by management will be borne directly by the Company. We have retained D. F. King & Co. Inc. to assist with the solicitation of proxies and tabulating votes for an estimated fee of \$10,000, plus reasonable out-of-pocket expenses. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of the common shares held by such persons, and the Company will reimburse such brokerage firms, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses incurred by them in connection therewith.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE SPECIAL MEETING MAY DO SO either by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the transfer agent indicated on the enclosed envelope not later than 48 hours (excluding Saturdays and holidays) before the time of holding the special meeting, or by delivering the completed proxy to the chairman of the special meeting on the day of the special meeting or adjournment thereof.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the shareholder or by his attorney authorized in writing, and deposited either at the Company's principal office located at 204 Edison Way, Reno, Nevada, 89502, U.S.A. at any time up to and including the last business day preceding the day of the special meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such meeting on the day of the special meeting, or adjournment thereof, or in any other manner permitted by law.

Voting of Proxies

THE COMMON SHARES REPRESENTED BY A DULY COMPLETED PROXY WILL BE VOTED OR WITHHELD FROM VOTING IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND, IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTER TO BE ACTED UPON, SUCH COMMON SHARES WILL BE VOTED ACCORDINGLY. UNLESS OTHERWISE INDICATED ON THE FORM OF PROXY, SHARES REPRESENTED BY PROPERLY EXECUTED PROXIES IN FAVOR OF PERSONS DESIGNATED IN THE PRINTED PORTION OF THE ENCLOSED FORM OF PROXY WILL BE VOTED (I) TO APPROVE A SPECIAL RESOLUTION AUTHORIZING THE COMPANY TO CHANGE OUR JURISDICTION OF INCORPORATION FROM THE FEDERAL JURISDICTION OF CANADA TO THE STATE OF NEVADA IN THE UNITED STATES OF AMERICA THROUGH ADOPTION OF ARTICLES OF DOMESTICATION AND NEW ARTICLES OF INCORPORATION AND (II) TO ADJOURN THE SPECIAL MEETING IN ORDER TO SOLICIT ADDITIONAL PROXIES, IF THERE ARE NOT SUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING TO APPROVE THE DOMESTICATION.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, or other matters which may properly come before the special meeting. At the time of printing this Circular, management of the Company knows of no such amendments, variations or other matters to come before the special meeting.

Voting Securities and Principal Holders of Voting Securities

The authorized capital of the Company consists of an unlimited number of common shares. As of June 10, 2010, the Company had 105,400,728 common shares issued and outstanding.

The Company shall make a list of all persons who are registered holders of common shares as of the close of business on June 10, 2010 (the "Record Date") and the number of common shares registered in the name of each such person on that date. Each shareholder is entitled to one vote for each Common Share registered in his name as it appears on the list.

One-third of the outstanding common shares entitled to vote, represented in person or by properly executed proxy, is required for a quorum at the special meeting. Abstentions, or withhold votes, will be counted as "represented" for purposes of determining the presence or absence of a quorum. Complete broker non-votes, which are indications by a broker that it does not have discretionary authority to vote on any of the matters to be considered at the special meeting, will not be counted as "represented" for the purpose of determining the presence or absence of a quorum.

To the knowledge of the directors and executive officers of the Company, only one holder, Al Yousuf, LLC, directly or indirectly, exercises control or direction of over more than 10% of the common shares outstanding. According to a Form 4 filed by Al Yousuf, LLC on June 26, 2009, the affiliate group beneficially owns 20,211,132 common shares representing 19.2 % of the outstanding common shares as of June 10, 2010.

Under the CBCA:

Proposal No. 1, our change of jurisdiction from Canada to Nevada by means of a domestication requires the affirmative vote, in person or by proxy, of not less than two-thirds of the votes cast by the shareholders who vote in respect of the resolution once a quorum is established and

Proposal No. 2, authorizing adjournment of the special meeting if necessary to solicit additional proxies, if there are not sufficient votes at the time of the special meeting to approve the domestication resolution, requires that the votes cast in favor of the proposal exceed the votes cast against the proposal.

Abstentions, withhold votes and broker non-votes will not have the effect of being considered as votes cast against any of the matters considered at the special meeting.

Exchange Rate Information

The following exchange rates represent the noon buying rate in New York City for cable transfers in Canadian Dollars (CDN. \$), as certified for customs purposes by the Federal Reserve Bank of New York. The following table sets forth, for each of the years indicated, the period-end exchange rate, the average rate (i.e., the average of the exchange rates on the last day of each month during the period), and the high and low exchange rates of the U.S. Dollar (U.S. \$) in exchange for the Canadian Dollar (CDN. \$) for the years indicated below, based on the noon buying rates.

For the Year Ended December 31,
2009 2008 2007 2006 2005
(Each U.S. Dollar Purchases the Following Number of Canadian
dollars)

High	1.2940	1.3013	1.1852	1.1726	1.2703
Low	1.0281	0.9709	0.9168	1.0989	1.1507
Average	1.1410	1.0667	1.0734	1.1340	1.2083
Year End	1.0532	1.2228	0.9881	1.1652	1.1656

PROPOSAL NO. 1 – THE DOMESTICATION

General

The Board of Directors is proposing to change our jurisdiction of incorporation from the federal jurisdiction of Canada to the State of Nevada through a transaction called a “continuance” under Section 188 of the CBCA, also referred to as a “domestication” under Section 92A.270 of the Nevada Revised Statutes, and approve new articles of incorporation to be effective on the date of the domestication. We will become subject to Nevada corporate law on the date of our domestication, but will be deemed for the purposes of Nevada corporate law to have commenced our existence in Nevada on the date we originally commenced our existence in Canada. Under Nevada corporate law, a corporation becomes domesticated in Nevada by filing Articles of Domestication and articles of incorporation for the corporation being domesticated. The Board of Directors has unanimously approved our domestication and the related articles of incorporation of Altair Nevada, believes it to be in our best interests and in the best interests of our shareholders, and unanimously recommends approval of the domestication and the approval of the articles of incorporation of Altair Nevada to our shareholders.

The domestication will be effective on the date set forth in the articles of domestication and the articles of incorporation, as filed with the office of the Secretary of State of the State of Nevada. Thereafter, we will be subject to the articles of incorporation filed in Nevada, a copy of which is attached to this Circular as Exhibit C. We will be discontinued in Canada as of the date shown on the certificate of discontinuance issued by the Director appointed under the CBCA, which we expect to be the date of domestication in Nevada. The common stock of Altair Nevada will continue to be listed on the NASDAQ Capital Market under the trading symbol “ALTI”, and Altair Nevada will continue to be subject to the rules and regulations of the NASDAQ Capital Market and the obligations imposed by each securities regulatory authority in the United States, including the SEC. Altair Nevada will continue to file periodic reports with the SEC pursuant to the Securities Exchange Act of 1934, as amended, or the Exchange Act. Upon our domestication, the Board of Directors intends to adopt bylaws, copies of which are attached to this Circular as Exhibit D. A copy of Section 190 of the CBCA addressing dissenters’ rights in connection with the continuance is attached to this Circular as Exhibit E.

The domestication will not interrupt our corporate existence or operations, or the trading market of the common shares. Each outstanding common share at the time of the domestication will remain issued and outstanding as a share of common stock of Altair Nevada after our corporate existence is continued from Canada under the CBCA and domesticated in Nevada under Nevada corporate law.

Principal Reasons for the Domestication

Our Board has determined that the domestication will enhance our ability to engage in strategic joint venture, acquisition and disposition transactions. The Board of Directors believes that the domestication will eliminate certain regulatory burdens imposed by the CBCA, limit reporting requirements under the Canadian securities laws, and give the Company flexibility in its management and Board structure. In addition, the achievement of our strategic goals would be enhanced by our clear and unambiguous identification as a U.S. corporation.

Our corporate headquarters and all of our operations are located in United States. We have reported under the rules governing U.S. issuers for over 10 years. Most of our shareholders reside in the United States, and our common shares are listed exclusively on the NASDAQ Capital Market. Despite this connection with the United States, we believe we are not uniformly perceived by potential strategic partners as a U.S. company. For example, the Company has from time to time engaged in discussions with respect to acquisitions, dispositions or joint ventures. In these discussions, other parties have raised concerns about whether the Company’s status as a CBCA corporation creates tax liabilities and unnecessary regulatory risks or burdens. Investors have also raised questions stemming from the

Company's status as a CBCA corporation. The Board of Directors believes that the Company's ability to enter into strategic, capital raising and other transactions would be enhanced if the Company were domiciled in the United States.

In considering its recommendation in favor of the domestication, our Board weighed the estimated tax liability to us arising from the domestication itself. See "Proposal No. 1 — The Domestication — "United States Federal Income Tax Considerations" and "Proposal No. 1 – The Domestication – Canadian Federal Income Tax Considerations". With the assistance of professional advisors, we have reviewed our assets, liabilities, paid-up capital and other tax balances and assuming that the market price of our common shares does not exceed \$1.50 per share (proportionately adjusted for any consolidation of our common shares) and that the exchange rate of the Canadian dollar to the U.S. dollar is CDN \$1.00 equals \$0.95, it is anticipated that there will not be any Canadian federal income tax arising on the continuance. Due to the recent decline in the share price of the common shares, this potential tax liability would be substantially less than it would have been if the domestication had occurred in prior years. Moreover, if the Company's revenues grow, assets increase and stock price increases, as anticipated in 2010 and beyond, the tax consequences to the Company of domestication to the United States would increase (and if the Company becomes profitable and had positive profits and earnings, there would be tax consequences for shareholders). After weighing the estimated tax liability from this transaction, the Board of Directors determined that the potential benefits of the transaction outweigh the costs, particularly since the tax liability associated with effecting the transaction in 2010 is less than it would have been in previous years and possibly less than it would be in future years.

The Board of Directors believes that the domestication will eliminate certain regulatory burdens and provide more flexibility with the structuring of the Company's management. As a corporation continued under the CBCA, the Company is subject the corporate requirements of the CBCA and the reporting requirements of Canadian securities laws, which are similar to the reporting requirements under the U.S. Securities Exchange Act of 1934, as amended. Post-continuation, the Company will likely be classified an SEC foreign issuer ("SEC Foreign Issuer"), which will limit the amount of Canadian specific securities reporting requirements, and allow the Company to satisfy much of the remainder of its securities reporting obligations in Canada, by filing copies of its SEC compliant securities disclosure on the Canadian SEDAR system. The domestication will also limit certain disclosure and compliance requirements arising under the CBCA, such as limiting the number of corporate actions that require shareholder approval and limiting the situations under which dissenters rights would apply. In addition, certain restrictions under the CBCA have limited the Company's management structure. The CBCA requires that at least 25% of the directors of the Company be Canadian residents, which places limitations on the Company's recruiting and retention of directors. Also, the Company would have greater flexibility to choose the location of future shareholder meetings in major east or west coast cities that might be more convenient for shareholders. Currently, the Company is limited to scheduling the annual meeting in Canada or Nevada. The Company believes that domesticating in Nevada will eliminate these regulatory burdens and provide more flexibility with the structuring of the Company's management.

The Board of Directors also believes that the domestication may assist the Company in obtaining additional grants and contracts from the United States government. The Company is currently performing work for the Office of Naval Research and has earned revenues of approximately \$3.7 million from these government grants over the past two years. The Board of Directors believes that the Company's ability to expand its relationship with various U.S. government agencies would be enhanced if the Company were not only located in the United States, but also incorporated in the United States.

The Board of Directors chose the State of Nevada to be our domicile because it believes the more favorable corporate environment afforded by Nevada will help us compete more effectively with other public companies in raising capital and in attracting and retaining skilled, experienced personnel. Additionally, our corporate headquarters are located in Nevada, and we have a familiarity with the local regulatory, government, and legal climate in this jurisdiction.

For the reasons set forth above, our Board believes that the estimated benefits of domestication outweigh the detriment attributable to our potential tax liability.

Effects of the Domestication

There are material differences between Canadian corporate law and Nevada corporate law with respect to shareholders' rights, and Nevada law may offer shareholders more or less protection depending on the particular matter. A detailed overview of the material differences is set forth below.

Applicable Law. As of the effective date of the domestication, our legal jurisdiction of incorporation will be Nevada, and we will no longer be subject to the provisions of the CBCA. All matters of corporate law will be determined under Nevada corporate law. We will retain our original incorporation date in Canada as our date of incorporation for purposes of Nevada corporate law.

Assets, Liabilities, Obligations, Etc. Under Nevada law, as of the effective date of the domestication, all of our assets, property, rights, liabilities and obligations immediately prior to the domestication will continue to be our assets, property, rights, liabilities and obligations immediately after the domestication. Canadian corporate law ceases to apply to us on the date shown on the certificate of discontinuance to be issued by the Director appointed under the CBCA, which we expect to be the date of domestication in Nevada. We will thereafter become subject to the obligations imposed under Nevada corporate law.

Business and Operations. The domestication, if approved, will effect a change in the legal jurisdiction of incorporation as of the effective date of the domestication, but our business and operations will remain the same.

Officers and Directors

Our Board currently consists of seven members: Jon Bengtson, Terry Copeland, Hossein Asrar Haghighi, George Hartman, Alexander Lee, Pierre Lortie, and Robert G. van Schoonenberg. These directors have been nominated for election at our upcoming annual and special meeting, and subject to their re-election at the annual and special meeting, the Board of Directors will consist of the same seven individuals after the domestication. Immediately following the domestication, our officers will also be unchanged. Our executive officers are Terry M. Copeland (CEO and President), John C. Fallini (Chief Financial Officer), Bruce J. Sabacky (Chief Technology Officer), Stephen A. Balogh (Vice President of Human Resources), C. Robert Pedraza (Vice President of Strategy and Business Development), Daniel Voelker (Vice President of Engineering & Operations), and Tom Kieffer (Vice President of Marketing and Sales).

Treatment of the Outstanding Capital Stock, Options and Warrants

The existing share certificates representing our common shares will continue to represent the same number of shares of common stock of Altair Nevada after the domestication without any action on your part. You will not be required to exchange any share certificates. We will only issue new certificates to you representing shares of capital stock of Altair Nevada upon a transfer of your shares or at your request. Holders of our outstanding options and warrants will continue to hold the same securities, which will remain exercisable for an equivalent number of shares of the same class of common stock of Altair Nevada, for the equivalent exercise price per share, without any action by the holder.

The Shareholders Rights Plan

The Company has issued rights under that certain Amended and Restated Shareholder Rights Plan Agreement, dated October 15, 1999, by and between the Company and Equity Transfer Services Inc., as further amended by that certain Amendment No. 1 to Amended and Restated Shareholder Rights Plan Agreement dated October 6, 2008 (collectively, the "Rights Agreement"), to all holders of common shares. The rights are not exercisable, are evidenced by the common shares and transfer with, and only with, the common shares. With certain exceptions, if a person becomes the owner of 15% or more of the outstanding common shares without an appropriate waiver, exception, amendment or redemption, each right becomes exercisable and entitles the holder to purchase from us for \$20, as adjusted for stock splits and consolidations, a number of common shares having a market price of \$80, as adjusted for stock splits and consolidations. Rights outstanding under the rights Agreement shall remain outstanding following the domestication and shall become, subject to the terms and conditions of the Rights Agreement, rights to purchase the common stock of Altair Nevada.

Treatment of Effective Registration Statements

Rule 414 under the Securities Act provides that, if an issuer has been succeeded by another issuer incorporated under the law of another state or foreign government for the purpose of changing the state or country of organization of the

enterprise, the registration statement of the predecessor issuer will be deemed to be the registration statement of the successor issuer for the purpose of continuing the offering covered by the registration statement, provided that (a) immediately prior to the succession, the successor issuer had no assets or liabilities other than nominal assets and liabilities; (b) the succession was effected by a merger or similar succession pursuant to statutory provisions or the terms of the organic instruments under which the successor issuer acquired all of the assets and assumed all of the liabilities and obligations of the predecessor issuer; (c) the succession was approved by the security holders of the predecessor issuer at a meeting for which proxies were solicited pursuant to Section 14(a) of the Exchange Act or information was furnished to such security holders pursuant to Section 14(c) of the Exchange Act; and (d) the successor issuer has filed an amendment to the registration statement of the predecessor issuer expressly adopting the registration statement as its own registration statement for all purposes of the Securities Act and the amendment has become effective. Accordingly, Altair Nevada will be permitted to adopt currently effective registration statement by filing a post-effective amendment to the registration statements expressly adopting the registration statements as its own. Without limiting the generality of the prior paragraph, Altair Nevada will file a post-effective amendment to the registration statement of which this prospectus is a part expressly adopting such registration statement as its own registration statement for all purposes of the Securities Act and the Exchange Act immediately after articles of domestication are filed.

Proposed Consolidation (Reverse Stock Split)

At its Annual and Special Meeting of Shareholders on May 24, 2010, the shareholders approved a resolution authorizing the Board of Directors, without further approval of the shareholders, to take all steps necessary to effect, or in its discretion not to effect, at any time on or before May 1, 2011, a consolidation (also known as a reverse split) of the common shares of the Company on the basis of a ratio within the range of one post-consolidation common share for every three pre-consolidation common shares (3:1) to one post-consolidation common share for every ten pre-consolidation common shares (10:1), with any fractional share that remains after all shares beneficially held by a holder of the common shares have been consolidated being rounded up to a whole common share, with the ratio to be selected and implemented by the Board of Directors in its sole discretion. Altair Canada has not effected the consolidation as of the date of this Circular; however, the Company may effect the consolidation prior to effecting the domestication proposed in this Circular.

The number of shares of common stock of Altair Nevada authorized in the proposed Articles of Incorporation of Altair Nevada attached hereto as Exhibits C is 500,000,000; provided, however, if a consolidation of the common shares of Altair Canada is effected prior to the domestication of Altair Canada to Nevada, the number of authorized shares of common stock of Altair Nevada will be reduced to the greater of (a) the product of 500,000,000 multiplied by inverse of the consolidation ratio selected by Altair Canada for its common shares (i.e. 1/7 for a 7 to 1 consolidation), and (b) 200,000,000.

Shareholder Approval

The domestication is subject to various conditions, including approval of the special resolution authorizing the domestication and the approval of the articles of incorporation of Altair Nevada from our shareholders. A copy of the special resolution is attached to this Circular as Exhibit A. Under the CBCA, approval of the domestication affirmative votes, whether in person or by proxy from at least two-thirds of the votes cast by the holders of our common shares with respect to the matter, at the special meeting where a quorum of one-third of our total outstanding common shares is present. Assuming we receive the requisite shareholder approval for the domestication, our Board will retain the right to terminate or abandon the domestication if it determines that consummating the domestication would be inadvisable or not in our or our shareholders' best interests, or if all of the respective conditions to consummation of the domestication have not occurred. There are no time limits on the duration of the authorization resulting from a favorable shareholder vote.

Regulatory and Other Approvals and Board Discretion

The change of jurisdiction is subject to the authorization of the Director appointed under the CBCA. The Director is empowered to authorize the change of jurisdiction if, among other things, he is satisfied that the change of jurisdiction will not adversely affect our creditors or shareholders.

Subject to the authorization of the continuance by the Director appointed under the CBCA, and the approval of our Board and shareholders, we anticipate that we will file with the Secretary of State of the State of Nevada an Articles of Domestication and an articles of incorporation pursuant to Section 92A.270 of Nevada Revised Statutes, and that we will be domesticated in Nevada on the effective date of such filings. Promptly thereafter, we intend to give notice to the Director appointed under the CBCA that we have been domesticated under the laws of the State of Nevada and request that the Director appointed under the CBCA issue us a certificate of discontinuance bearing the same date as the date of effectiveness of our Articles of Domestication and articles of incorporation by the Secretary of State of the State of Nevada.

The Board of Directors has reserved the right to terminate or abandon our domestication at any time prior to its effectiveness, notwithstanding shareholder approval, if it determines for any reason that the consummation of our domestication would be inadvisable or not in the best interest of the Company and its shareholders. Dissenting shareholders have the right to be paid the fair value of their shares under Section 190 of the CBCA. If the number of share exercising dissenting rights approaches or exceeds 1% or more of the outstanding common shares, it is anticipated that the Board of Directors would not effect the domestication because of the associated cash expense.

Comparison of Shareholder Rights

The principal attributes of our capital stock before and after domestication are comparable; however, there will be material differences in the rights of our shareholders under Nevada law as described below.

General. On the effective date of the domestication, we will be deemed for the purposes of Nevada corporate law to have been incorporated under the laws of the State of Nevada from our inception and we will be governed by the Nevada articles of incorporation filed with the Articles of Domestication. Differences between Canadian corporate law and Nevada corporate law and between our current articles of continuance and bylaws and the proposed Nevada articles of incorporation and bylaws will result in various changes in the rights of our shareholders. The following summary comparison highlights provisions of applicable Canadian corporate law and our current Canadian articles of incorporation and bylaws as compared to Nevada corporate law and the proposed articles of incorporation and bylaws of Altair Nevada. The proposed articles of incorporation and bylaws of Altair Nevada are attached to this Circular as Exhibit C and Exhibit D, respectively.

Capital Structure. Under our current Canadian articles of incorporation, we presently have the authority to issue an unlimited number of common shares, without par value. Under our proposed Nevada articles of incorporation, the total number of shares of capital stock that Altair Nevada will have the authority to issue is 500,000,000 shares of common stock, \$.001 par value; provided, however, if Altair Canada implements a consolidation (a/k/a reverse stock split) of its common shares prior to the domestication of Altair Canada to Nevada, the number of authorized shares of common stock of Altair Nevada shall be reduced to the greater of (a) the product of 500,000,000 multiplied by inverse of the consolidation ratio selected by Altair Canada for its common shares (i.e. 1/7 for a 7 to 1 consolidation), and (b) 200,000,000.

Under Canadian law, there is no franchise tax on our authorized capital stock. Pursuant to Nevada law, there is also no franchise tax; however, there, is a fee based upon the capitalization of the corporation upon incorporation, which will be approximately \$35,000 for Altair Nevada, and a similar fee if authorized capitalization is increased.

Shareholder Approval; Vote on Extraordinary Corporate Transactions. Canadian law generally requires a vote of shareholders on a greater number and diversity of corporate matters than Nevada law. In addition to requiring shareholder approval for amendments to the articles of incorporation (or continuance) and for mergers and similar extraordinary transactions, shareholder approval is required under Canadian law if the size of the Board of Directors is increased or decreased by more than 1/3 between shareholder meetings and bylaw amendments must be submitted to shareholders for approval, rejection or amendment at the next shareholders meeting. Under the CBCA, many extraordinary matters requiring shareholder approval must be approved by not less than two-thirds of the votes cast by shareholders who voted on those matters. Depending upon the number of shares that vote on such a matter, this threshold may be lower or higher than the requirement in Nevada that most extraordinary items be approved by a majority of outstanding shares.

Under Nevada law, a sale, lease or exchange of all or substantially all the property or assets of a Nevada corporation or an amendment to its articles of incorporation requires the approval of the holders of a majority of the voting power of the outstanding shares entitled to vote thereon. Mergers or consolidations also generally require the approval of the

holders of a majority of the outstanding voting power of the corporation. However, stockholder approval is not required by a Nevada corporation if such corporation's articles of incorporation are not amended by the merger; each share of stock of such corporation outstanding immediately prior to the merger will be an identical outstanding share of the surviving corporation after the effective date of the merger, and the number of voting shares or participating shares outstanding immediately after the merger, plus the number of voting shares or participating shares, as the case may be, issued as a result of the merger, will not exceed by more than 20 percent the total number of participating shares outstanding immediately before the merger. In addition, stockholder approval is not required by a Nevada corporation if it is the surviving corporation in a merger with a subsidiary if the stock rights, powers and preferences are the same following the merger, the bylaws and articles of incorporation are substantially the same following the merger, the directors remain the same, and certain other requirements set forth in Nevada corporate law are satisfied.

Amendments to the Governing Documents. Under Canadian law, amendments to the articles of incorporation generally require the approval of not less than two-thirds of the votes cast by shareholders voting on the resolution. If the proposed amendment would affect a particular class of securities in certain specified ways, the holders of shares of that class would be entitled to vote separately as a class on the proposed amendment, whether or not the shares otherwise carried the right to vote. When directors make, amend or repeal a bylaw, they are required under the CBCA to submit the change to shareholders at the next meeting of shareholders. Shareholders may confirm, reject or amend the bylaw, the amendment or the repeal with the approval of a majority of the votes cast by shareholders who voted on the resolution.

Under Nevada corporate law, an amendment to a corporation's articles of incorporation requires the approval of holders of a majority of the voting power of the outstanding stock entitled to vote on the matter. In addition, under Nevada corporate law, if the amendment to the articles of incorporation would adversely alter or change any preference or any relative or other right given to any class or series of outstanding shares, that class is entitled to vote separately on the amendment whether or not it is designated as voting stock. Nevada corporate law allows for a corporation's articles of incorporation to specifically deny any right of a class of shares the right to vote when such class would be adversely affected. Because Altair Nevada will have only one class of stock and such class will not be divided into series, the proposed articles of incorporation of Altair Nevada do not address the right of any class to such voting rights. Furthermore, if the proposed amendment would alter or change the powers, preferences or special rights of one or more series of any class so as to affect that class adversely, but would not so affect the entire class, then only the shares of the series so affected by the amendment would be considered a separate class for purposes of the class vote. Nevada corporate law gives the directors the power to adopt, amend or repeal the bylaws of the Nevada corporation, subject to any bylaws adopted by the stockholders, but permits the articles of incorporation to reserve the right to amend the bylaws solely to the Board of Directors. The proposed bylaws of Altair Nevada provide that its bylaws may be amended or repealed only by unanimous vote of the Board of Directors or by the shareholders. Unlike Canadian law, there is no requirement to submit changes to the bylaws to stockholders under Nevada law.

Place of Meetings. The CBCA provides that meetings of shareholders must be held at the place within Canada provided in the bylaws or, in the absence of such provision, at the place within Canada that the directors determine. A meeting of shareholders may be held at a place outside of Canada if the place is specified in the articles of incorporation or all the shareholders entitled to vote at the special meeting agree that the special meeting is to be held at that place. Our articles of continuance provide that meetings of shareholders may be held at our registered office or outside of Canada in the State of Nevada.

Nevada corporate law provides that meetings of the stockholders may be held at any place in or outside of Nevada designated by, or in the manner provided in, the articles of incorporation or bylaws. The proposed bylaws of Altair Nevada provide that meetings of the stockholders will be held at any place in or out of Nevada as designated by the Board of Directors.

Quorum of Shareholders. The CBCA provides that, unless the bylaws provide otherwise, a quorum of shareholders is present at a meeting of shareholders (irrespective of the number of persons actually present at the special meeting) if holders of a majority of the shares entitled to vote at the special meeting are present in person or represented by proxy. The current bylaws provide that the presence of not less than 33% of the shares entitled to vote at the special meeting are present in person or represented by proxy constitutes a quorum.

Under Nevada corporate law, the articles of incorporation or bylaws may specify the required quorum. The proposed articles and bylaws of Altair Nevada provide that the presence of two stockholders, represented in person or by proxy, holding no less than one-third of the voting power of the outstanding shares entitled to vote at the special meeting shall constitute a quorum at a meeting of stockholders.

Call of Meetings. The CBCA provides that holders of not less than five percent of our issued voting shares may requisition the directors requiring them to call and hold a special meeting for the purposes stated in the requisition. In addition, under the CBCA, the directors of the Company may cause a corporation to call a special meeting of shareholders at any time.

Nevada corporate law provides that, except as set forth in the articles or bylaws of a corporation, a special meeting of the stockholders may be called by the Board of Directors, any two directors, the corporation's president, or by any person or persons as may be authorized by the articles of incorporation or bylaws. The proposed bylaws of Altair Nevada provide that a special meeting of stockholders may be called by the Chief Executive Officer (or if none exists, by the President), the Chairman of the Board, or any two directors.

Shareholder Consent in Lieu of Meeting. Under the CBCA, shareholders can take action by written resolution and without a meeting only if all shareholders entitled to vote on that resolution sign the written resolution.

Under Nevada corporate law, unless otherwise limited by the articles of incorporation, stockholders may act by written consent without a meeting if holders of outstanding stock representing not less than the minimum number of votes that would be necessary to take the action at an annual or special meeting execute a written consent providing for the action. The proposed articles of incorporation of Altair Nevada prohibit action by written consent of the stockholders.

Director Qualification and Number. The CBCA states that a distributing corporation must have no fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates. Additionally, at least 25% of the directors must be Canadian residents unless the corporation has fewer than four directors, in which case at least one director must be a Canadian resident. Our current articles of continuance prescribe a minimum of three and a maximum of nine directors.

Nevada corporate law has no similar requirements; however, the governance standards of the NASDAQ Capital Market require the majority of a listed company's Board to be independent. The proposed bylaws of Altair Nevada prescribe a minimum of three and a maximum of nine directors, with the exact number of directors within such range to be determined by the Board of Directors. The proposed bylaws also require unanimous approval of the Board of Directors or approval of the stockholders in order to increase the number of directors above nine.

Fiduciary Duty of Directors. Directors of a corporation incorporated or organized under the CBCA corporate law have fiduciary obligations to the corporation and its shareholders. The CBCA requires directors of a Canadian corporation, in exercising their powers and discharging their duties, to act honestly and in good faith with a view to the best interests of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Under Nevada common law, directors have a duty of care and a duty of loyalty. The duty of care requires that the directors act in an informed and deliberative manner and inform themselves, prior to making a business decision, of all material information reasonably available to them. The duty of loyalty is the duty to act in good faith, not out of self-interest, and in a manner which the directors reasonably believe to be in the best interests of the stockholders. In addition, Nevada corporate law provides that a transaction between a Nevada corporation and one of its directors or officers or an entity affiliated with one of its directors or officers is not voidable solely for such reason so long as either (i) the material facts of the director's or officer's interest in the transaction are disclosed to the Board of Directors and a majority of the disinterested directors approve the transaction, (ii) the material facts of the director's or officer's interest in the transaction are disclosed to the stockholders and the transaction is specifically approved in good faith by the stockholders, (iii) the director's or officer's interest in the transaction are not known to such director or officer at the time the transaction is brought before the Board of Directors for action or (iv) the transaction is fair to the Nevada

corporation at the time approved by the Board of Directors or stockholders.

Personal Liability of Directors. The CBCA prescribes circumstances where directors can be liable for malfeasance or nonfeasance. Certain actions to enforce a liability imposed by the CBCA must be brought within two years from the date of the resolution authorizing the act at issue. A director will be deemed to have complied with his fiduciary obligations to the corporation under the CBCA if he relied in good faith on:

- financial statements represented to him by an officer or in a written report of the auditors fairly reflecting the financial condition of the corporation; or
- a report of a person whose profession lends credibility to a statement made by the professional person.

The CBCA also contains other provisions limiting personal liability of a corporation's directors.

Nevada corporate law provides that, unless a corporation's articles provide for greater individual liability, a director is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that (a) the act or failure to act constituted a breach of his fiduciary duties as a director or officer and (b) the breach of those duties involved intentional misconduct, fraud or a knowing violation of law. The proposed articles of incorporation of Altair Nevada limit the liability of directors to Altair Nevada and its stockholders to the extent permitted by law.

Indemnification of Officers and Directors. Under the CBCA and pursuant to our current bylaws, we will indemnify present or former directors or officers against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment that is reasonably incurred by the individual in relation to any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of his or her association with us. In order to qualify for indemnification such directors or officers must:

- have acted honestly and in good faith with a view to the best interests of the corporation; and
- in the case of a criminal or administrative action or proceeding enforced by a monetary penalty, have had reasonable grounds for believing that his conduct was lawful.

The CBCA also provides that such persons are entitled to indemnity from the corporation in respect of all costs, charges and expenses reasonably incurred in connection with the defense of any such proceeding if the person was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the person ought to have done, and otherwise meets the qualifications for indemnity described above.

Nevada law permits a corporation to indemnify its present or former directors and officers, employees and agents made a party, or threatened to be made a party, to any third party proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person:

- acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation; and
- with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful; and
- if an officer or director, did not violate fiduciary duties in a manner involving intentional misconduct, fraud, or a knowing violation of law.

In a derivative action, or an action by or in the right of the corporation, the corporation is permitted to indemnify directors, officers, employees and agents against expenses actually and reasonably incurred by them in connection with the defense or settlement of an action or suit if they;

acted in good faith and in a manner that they reasonably believed to be in or not opposed to the best interests of the corporation; and

if an officer or director, did not violate fiduciary duties in a manner involving intentional misconduct, fraud, or a knowing violation of law.

However, in such a case, no indemnification shall be made if the person is adjudged liable to the corporation, unless and only to the extent that, the court in which the action or suit was brought shall determine upon application that such person is fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability to the corporation.

Indemnification is mandatory if the person is successful on the merits or otherwise in defense of any action, suit or proceeding referred to above. Discretionary indemnification is permitted only if approved by:

the shareholders;

the board of directors by majority vote of a quorum consisting of directors who were not parties to the act, suit or proceeding;

if a majority vote of a quorum consisting of directors who were not parties to the act, suit or proceeding so orders, by independent legal counsel in a written opinion; or

if a quorum consisting of directors who were not parties to the act, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

Nevada corporate law allows the corporation to advance expenses before the resolution of an action, if in the case of current directors and officers, such persons agree to repay any such amount advanced if they are later determined not to be entitled to indemnification. The proposed bylaws of Altair Nevada generally provide for mandatory indemnification and advancement of expenses of our directors and officers to the fullest extent permitted under Nevada law. Following the domestication, Altair Nevada intends to update or reaffirm existing indemnity agreements with each of our officers and directors. In addition, Altair Nevada intends to continue to carry liability insurance for its and its subsidiaries' officers and directors.

Derivative Action. Under the CBCA, a complainant, who is defined as either a present or former registered holder or beneficial owner of a security of a corporation or any of its affiliates; a present or former director or officer of a corporation or any of its affiliates; the Director appointed under the CBCA; or any other person who, in the discretion of a court, is a proper person to make an application under the CBCA relating to shareholder remedies, may apply to the court for the right to bring an action in the name of and on behalf of a corporation or any of its subsidiaries, or to intervene in an existing action to which they are a party for the purpose of prosecuting, defending or discontinuing the action on behalf of the entity. Under the CBCA, the court must be satisfied that:

the complainant has given proper notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court if the directors of the corporation or its subsidiary will not bring, diligently prosecute or defend or discontinue the action;

the complainant is acting in good faith; and

it appears to be in the interest of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

Under the CBCA, the court in a derivative action may make any order it sees fit including orders pertaining to the control or conduct of the lawsuit by the complainant or the making of payments to former and present shareholders and payment of reasonable legal fees incurred by the complainant.

Similarly, under Nevada law, a stockholder may bring a derivative action on behalf of the corporation to enforce a corporate right, including the breach of a director's duty to the corporation. Nevada law requires that the plaintiff in a derivative suit be a stockholder of the corporation at the time of the wrong complained of and that the plaintiff make a

demand on the directors of the corporation to assert the corporate claim unless the demand would be futile.

Dissenters' Rights. The CBCA provides that shareholders of a corporation entitled to vote on certain matters are entitled to exercise dissent rights and demand payment for the fair value of their shares. Dissent rights exist when there is a vote upon matters such as:

- any amalgamation with another corporation (other than with certain affiliated corporations);
- an amendment to our articles of incorporation to add, change or remove any provisions restricting the issue, transfer or ownership of shares;
- an amendment to our articles of incorporation to add, change or remove any restriction upon the business or businesses that the corporation may carry on;
- a continuance under the laws of another jurisdiction;
- a sale, lease or exchange of all or substantially all the property of the corporation other than in the ordinary course of business; and
- a court order permitting a shareholder to dissent in connection with an application to the court for an order approving an arrangement proposed by the corporation.
- a going-private transaction or squeeze-out transaction.

However, a shareholder is not entitled to dissent if an amendment to the articles of incorporation is effected by a court order approving a reorganization or by a court order made in connection with an action for an oppression remedy.

Nevada corporate law grants dissenter's rights only in the case of certain mergers, share exchangers, consolidation, fundamental changes in which only cash or script will be received, not in the case of other fundamental changes such as the sale of all or substantially all of the assets of the corporation or amendments to the articles of incorporation, unless so provided in the corporation's articles of incorporation, bylaws, or a resolution of the corporation's Board. The proposed articles of incorporation of Altair Nevada do not include any such provisions. Under Nevada law, stockholders who have neither voted in favor of nor consented to the merger or consolidation have the right to seek appraisal of their shares in connection with certain mergers or consolidations by demanding payment in cash for their shares equal to the fair value of such shares. Fair value is determined by a court in an action timely brought by the stockholders who have properly demanded appraisal of their shares. In determining fair value, the court may consider all relevant factors, including the rate of interest which the resulting or surviving corporation would have had to pay to borrow money during the pendency of the court proceeding.

No appraisal rights are available for shares of any class or series listed on a national securities exchange (such as shares of our common stock) or held of record by more than 2,000 stockholders. However, appraisal rights are available if the agreement of merger or consolidation would require the holders of stock to accept for their stock anything except:

- stock of the surviving corporation;
- stock of another corporation which is either listed on a national securities exchange or held of record by more than 2,000 stockholders;
- cash in lieu of fractional shares; or
- some combination of the above.

In addition, under Nevada law, appraisal rights are not available for any shares of the surviving corporation if the merger did not require the vote of the stockholders of the surviving corporation.

Oppression Remedy. Under the CBCA, a complainant has the right to apply to a court for an order where an act or omission of the corporation or an affiliate effects a result, or the business or affairs of which are or have been conducted in a manner, or the exercise of the directors' powers are or have been exercised in a manner, that would be oppressive or unfairly prejudicial to or would unfairly disregard the interest of any security holder, creditor, director or

officer of the corporation. On such application, the court may make any interim or final order it thinks fit, including an order restraining the conduct complained of.

There are no equivalent statutory remedies under Nevada corporate law; however, stockholders may be entitled to remedies for a violation of a director's fiduciary duties.

Business Combinations. Sections 78.411 to 78.444 of the Nevada Revised Statutes contain provisions limiting business combinations between "resident domestic corporations" and "interested stockholders." These sections provide that the resident domestic corporation and the interested stockholder may not engage in specified business "combinations" for three years following the date the person became an interested stockholder unless the Board of Directors approved, before the person became an interested stockholder, either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder.

These sections of Nevada corporate law also contain limitations on transactions entered into with the interested stockholder after the expiration of the three-year period following the date the person became an interested stockholder. Certain exceptions to these restrictions apply if specified criteria suggesting the fairness of a combination are satisfied. For purposes of these provisions, “resident domestic corporation” means a Nevada corporation that has 200 or more stockholders of record and “interested stockholder” means, with certain exceptions, any person, other than the resident domestic corporation or its subsidiaries, who is:

the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the resident domestic corporation; or

an affiliate or associate of the resident domestic corporation and at any time within three years immediately before the date in question was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares of the resident domestic corporation.

Business combinations for this purpose include:

a merger or plan of share exchange between the resident domestic corporation or a subsidiary and the interested stockholder or, after the merger or exchange, an affiliate;

any sale, lease, mortgage or other disposition to the interested stockholder or an affiliate of assets of the corporation having a market value equal to 5% or more of the market value of the assets of the corporation, 5% or more of the outstanding shares of the corporation or 10% or more of the earning power or net income of the corporation;

specified transactions that result in the issuance or transfer of capital stock with a market value equal to 5% or more of the aggregate market value of all outstanding shares of capital stock of the corporation to the interested stockholder or an affiliate; and

certain other transactions that have the effect of increasing the proportion of the outstanding shares of any class or series of voting shares owned by the interested stockholder.

Pursuant to the articles of incorporation, Altair Nevada has opted out of these provisions as permitted by Section 78.434(5) of the Nevada Revised Statutes; however, were the articles of incorporation to be amended to eliminate the opt-out provision, the above-described provisions of the Nevada corporate law would limit certain transactions with interested stockholders.

There is no comparable provision relating to business combinations under the CBCA, but restrictions on business combinations do exist under applicable Canadian securities laws.

Acquisition of Controlling Interest. Sections 78.378-78.3793 of the Nevada Revised Statutes include “acquisition of controlling interest” provisions. If applicable to a Nevada corporation, the provisions restrict the voting rights of certain stockholders that acquire or offer to acquire ownership of a “controlling interest” in the outstanding voting stock of an “issuing corporation.” For purposes of these provisions, a “controlling interest” means, with certain exceptions, the ownership of outstanding voting stock sufficient to enable the acquiring person to exercise one-fifth or more but less than one-third, one-third or more but less than a majority, or a majority or more, of all voting power in the election of directors, and “issuing corporation” means a Nevada corporation which has 200 or more stockholders of record, at least 100 of whom have addresses in Nevada appearing on the stock ledger of the corporation, and which does business in Nevada directly or through an affiliated corporation. The restrictions of sections 78.38-78.3793 of the Nevada Revised Statutes will not apply to shares of capital stock of Altair Nevada following the domestication because Altair Nevada does not have a 100 or more stockholders of records with addresses in Nevada and because Altair Nevada’s

bylaws and articles of incorporation opt out of such provisions; however, if any time Altair Nevada has at least 100 Nevada stockholders of record located in Nevada and amends the articles of incorporation to opt in to such provisions, the above-described provisions of Nevada corporate law would limit certain transactions with persons acquiring a controlling interest.

There is no comparable provision relating to business combinations under the CBCA, but restrictions on business combinations do exist under applicable Canadian securities laws.

Ability of Board to Increase or Decrease Outstanding and Issued Shares of Stock. Under Nevada corporate law, a corporation may effect reverse split (or consolidation) or other recapitalization transactions if the proposed reverse split or other recapitalization is approved by its board of directors and a majority of the outstanding shares of capital stock, with any class or series adversely affected by such reverse split or recapitalization voting separate as a class. In addition, pursuant to Section 78.207 of the Nevada Revised Statutes, unless otherwise provided in its articles of incorporation, the board of directors of a corporation can effect a reverse split (or consolidation) without seeking approval of the stockholders if it correspondingly adjusts the number of authorized shares of capital stock and the transaction does not adversely alter or change any preference or any relative or other right given to any other class or series of outstanding shares. The proposed articles of incorporation of Altair Nevada do not preclude its ability to effect such a reverse split pursuant to Section 78.207 of the Nevada Revised Statutes.

Under the CBCA, a corporation may effect a reverse split (or consolidation) or other recapitalization transaction if the proposed reverse split or other recapitalization is approved by its board of directors and two-thirds of the votes cast in respect of the matter, with any class or series adversely affected by such reverse split or recapitalization voting separate as a class; however, the CBCA does not have a provision permitting the board of directors to affect a reverse split without stockholder approval, even if the number of authorized shares of capital stock is correspondingly adjusted.

Examination of Corporate Records. Under the CBCA, shareholders, creditors and their personal representatives may examine certain corporate records, such as the securities register and a list of shareholders, and any other person may do so on payment of a reasonable fee. Each such person must provide an affidavit containing specific information. A list of shareholders or information from a securities register may not be used except in connection with an effort to influence the voting of shareholders of the corporation, an offer to acquire securities of the corporation or any other matter relating to the affairs of the corporation.

Under Nevada law, any person who has been a stockholder of record of a corporation for at least six months immediately preceding his demand, or any person holding at least five percent of all of the corporation's outstanding shares, has the right to inspect, upon at least five days' written demand, in person or by agent or attorney, during usual business hours, the the corporation's articles, bylaws and stock ledger.

Shareholder Rights Agreement (a/k/a poison pills). Under the CBCA, Altair Canada has entered into the Rights Agreement with Equity Transfer Services, Inc. The rights granted under the Rights Agreement are not exercisable, are evidenced by the common shares and transfer with, and only with, the common shares. With certain exceptions, if a person becomes the owner of 15% or more of the outstanding common shares without an appropriate waiver, exception, amendment or redemption, each right becomes exercisable and entitles the holder to purchase from us for \$20, as adjusted for stock splits and consolidations, a number of common shares having a market price of \$80, as adjusted for stock splits and consolidations. The Rights Agreement has the effect of discouraging an attempt to purchase a controlling interest in the common shares without approval of the Board of Directors.

Rights outstanding under the rights Agreement shall remain outstanding following the domestication and shall become rights to purchase the common stock of Altair Nevada.

Anti-Takeover Effects. Some powers granted to companies under Nevada law may allow a Nevada corporation to make itself potentially less vulnerable to hostile takeover attempts. These powers include the ability to:

- implement a staggered board of directors, which prevents an immediate change in control of the board;
- require that notice of nominations for directors be given to the corporation prior to a meeting where directors will be elected, which may give management an opportunity to make a greater effort to solicit its own proxies;

only allow the officers and the board of directors to call a special meeting of stockholders, which may thwart a raider's ability to call a meeting to make disruptive changes;
eliminate stockholders' action by written consent, which would require a raider to attend a meeting of stockholders to approve any proposed action by the corporation;
remove a director from a staggered board only for cause, which gives some protection to directors on a staggered board from arbitrary removal;

provide that the power to determine the number of directors and to fill vacancies be vested solely in the board of directors, so that the incumbent board, not a raider, would control vacant board positions;
provide for supermajority voting in some circumstances, including mergers and articles of incorporation amendments; and

issue “blank check” preferred stock, which may be used to make a corporation less attractive to a raider.

In addition to the Rights Agreement provisions described in the preceding section, the proposed articles of incorporation and/or bylaws of Altair Nevada will include the following provisions which may make Altair Nevada less vulnerable to hostile takeover attempts:

requirement that stockholders provide prior notice by a certain date to nominate directors;
restrictions on the ability of stockholders to call a special meeting of stockholders;
the elimination of the ability of stockholders to take action by written consent; and
permitting the Board to determine the number of directors and fill vacancies on the Board of Directors.

Other than the existing rights under the Rights Agreement, the ability of our Board of Directors to determine the number of directors (within a range provided in our articles) and to create and fill vacancies between annual meetings of shareholders, our existing articles and Canadian law do not include the anti-takeover provisions listed above that will be included in the articles of incorporation and/or bylaws of Altair Nevada.

Proposed Articles of Incorporation and Bylaws of Altair Nevada

We have included provisions in the proposed articles of incorporation and bylaws of Altair Nevada that do not simply reflect the default provisions of Nevada law. These include the following:

Bylaws. Nevada corporate law gives the directors the power to adopt, amend or repeal the bylaws of the Nevada corporation, subject to any bylaws adopted by the stockholders, but permits the articles of incorporation to reserve the right to amend the bylaws solely to the Board of Directors. The proposed bylaws of Altair Nevada provide that its bylaws may be amended or repealed only by unanimous vote of the Board of Directors or by the shareholders.

Quorum at Stockholders’ Meetings. Under Nevada law, unless otherwise provided in a corporation’s articles of incorporation or bylaws, a majority of the voting power, whether present in person or by proxy, constitutes a quorum for the transaction of business at a meeting of stockholders. The proposed bylaws of Altair Nevada provide that a quorum exists with the presence, whether in person or by proxy, of at least two stockholders holding at least one third of the voting power of the stock issued and outstanding and entitled to vote.

Stockholder Action by Written Consent. Under Nevada law, unless otherwise provided in a corporation’s articles of incorporation, stockholders may act by written consent with respect to certain actions if approved by the number of stockholders that would otherwise have been authorized to take such actions at a meeting at which all stockholders were present. The proposed articles of incorporation of Altair Nevada prohibit action by written consent of the stockholders.

Presentation of Nominations and Proposals at Meetings of Stockholders. Nevada law does not provide procedures for stockholders to nominate individuals to serve on the board of directors or to present other proposals at meetings of stockholders. The proposed bylaws of Altair Nevada contain procedures governing stockholder nominations and stockholder proposals. The proposed bylaws of Altair Nevada allow stockholders to nominate individuals to serve on the Board of Directors and to present other proposals at meetings of stockholders only upon compliance with specific procedures. To nominate an individual to the Board of Directors of Altair Nevada at an annual or special stockholders meeting, or to present other proposals at an annual meeting, a stockholder must provide advance notice to Altair

Nevada, in the case of an annual meeting, not fewer than 60 days nor more than 180 days prior to the first anniversary of the date of Altair Nevada's annual meeting for the preceding year and, in the case of a special meeting, not prior to 90 days before such meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting.

Number of Directors. Under Nevada law, a corporation's articles of incorporation or bylaws may fix a number of directors or may provide for a variable number directors, and for the manner in which the number of directors may be increased or decreased. The proposed bylaws of Altair Nevada provide that the number of directors on the Board of Directors may not be less than three or more than nine and that within this range, the number of directors shall otherwise be determined from time to time by the Board of Directors. The maximum number of directors permitted by the bylaws may be increased by unanimous vote of the Board of Directors or by the stockholders.

Dissent Rights of Shareholders

Section 190 of the CBCA is reprinted in its entirety as Exhibit E to this Circular. Shareholders may exercise their dissent rights in connection with the proposal to approve the change in jurisdiction from the CBCA to Nevada, referred to as a "continuance" under the CBCA and in this section and referred to as "domestication" under Nevada corporate law (Proposal 1 in the Notice of meeting).

If you wish to dissent and do so in compliance with Section 190 of the CBCA, you will be entitled to be paid the fair value of the shares you hold if the continuance occurs. Fair value is determined as of the close of business on the day before the continuance is approved by shareholders.

If you wish to dissent, you must send us your written objection to the continuance at or before the special meeting. If you vote in favor of the continuance, you in effect lose your rights to dissent. If you abstain or vote against the continuance, you preserve your dissent rights if you comply with Section 190 of the CBCA.

However, it is not sufficient to vote against the continuance or to abstain. You must also provide a separate dissent notice at or before the special meeting. If you grant a proxy and intend to dissent, the proxy must instruct the proxy holder to vote against the continuance in order to prevent the proxy holder from voting such shares in favor of the continuance and thereby voiding your right to dissent. Under the CBCA, you have no right of partial dissent. Accordingly, you may only dissent as to all your shares.

Under Section 190 of the CBCA, you may dissent only for shares that are registered in your name. In many cases, people beneficially own shares that are registered either:

- in the name of an intermediary, such as a bank, trust company, securities dealer, broker, trustee, administrator of self administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans and their nominees; or
- in the name of a clearing agency in which the intermediary participates, such as CDS Clearing and Depository Services Limited or The Depository Trust Company.

If you want to dissent and your shares are registered in someone else's name, you must contact your intermediary and either:

- instruct your intermediary to exercise the dissenters' rights on your behalf (which, if the shares are registered in the name of a clearing agency, will require that the shares first be re-registered in your intermediary's name); or
- instruct your intermediary to re-register the shares in your name, in which case you will have to exercise your dissenters' rights directly.

In other words, if your shares are registered in someone else's name, you will not be able to exercise your dissenters' rights directly unless the shares are re-registered in your name. A dissenting shareholder may only make a claim under Section 190 of the CBCA with respect to all of the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. We are required to notify each shareholder who has filed a

dissent notice when and if the continuance has been approved. This notice must be sent within ten days after our shareholders approve the continuance. We will not send a notice to any shareholder who voted to approve the continuance or who has withdrawn his dissent notice.

Within 20 days after receiving the above notice from us, or if you do not receive such notice, within 20 days after learning that the continuance has been approved, you must send us a payment demand containing:

your name and address;
the number of shares you own; and
a demand for payment of the fair value of your shares.

Within 30 days after sending a payment demand, you must send to us directly at our corporate address, 204 Edison Way, Reno, Nevada, 89502, or through our transfer agent, Equity Transfer & Trust Company, the certificates representing your shares. If you fail to send us a dissent notice, a payment demand or your share certificates within the appropriate time frame, you forfeit your right to dissent and your right to be paid the fair value of your shares. Our transfer agent will endorse on your share certificates a notice that you are a dissenting shareholder and will return the share certificates to you.

Once you send a payment demand to us, you cease to have any rights as a shareholder. Your only remaining right is the right to be paid the fair value of your shares. Your rights as a shareholder will be reinstated if:

you withdraw your payment demand prior to an offer being made by us;
we fail to make you an offer of payment and you withdraw the dissent notice; or
the continuance does not happen.

Within seven days of the later of the effective date of the continuance or the date we receive your payment demand, we must send you a written offer to pay for your shares. This must include a written offer to pay you an amount considered by our Board to be the fair value of your shares accompanied by a statement showing how that value was determined. The offer must include a statement showing the manner used to calculate the fair value. Each offer to pay shareholders must be on the same terms. We must pay you for your shares within ten days after you accept our offer. Any such offer lapses if we do not receive your acceptance within 30 days after the offer to pay has been made to you.

If we fail to make an offer to pay for your shares, or if you fail to accept the offer within the specified period, we may, within fifty days after the effective date of the continuance, apply to a court to fix a fair value for your shares. If we fail to apply to a court, you may apply to a court for the same purpose within a further period of twenty days. You are not required to give security for costs in such a case.

On application to the courts, all dissenting shareholders whose shares have not been purchased will be joined as parties and bound by the decision of the court. We are required to notify each affected dissenting shareholder of the date, place and consequences of the application and of his right to appear and be heard in person or by counsel. The court may determine whether any person who is a dissenting shareholder should be joined as a party. The court will then fix a fair value for the shares of all dissenting shareholders who have not accepted a payment offer from us. The final order of a court will be rendered against us for the amount of the fair value of the shares of all dissenting shareholders. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each dissenting shareholder and appoint an appraiser to assist in the determination of a fair value for the shares.

THIS IS ONLY A SUMMARY OF THE DISSENTING SHAREHOLDER PROVISIONS OF THE CBCA. THEY ARE TECHNICAL AND COMPLEX. IT IS SUGGESTED THAT IF YOU WANT TO AVAIL YOURSELF OF YOUR RIGHTS THAT YOU SEEK YOUR OWN LEGAL ADVICE. FAILURE TO COMPLY STRICTLY WITH THE PROVISIONS OF THE CBCA MAY PREJUDICE YOUR RIGHT OF DISSENT. SECTION 190 OF THE CBCA IS ATTACHED HEREIN AS EXHIBIT E AND IS INCORPORATED HEREIN BY REFERENCE.

Accounting Treatment of the Domestication

Our domestication as a Nevada corporation represents a transaction between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at carrying value. Accordingly, the assets and liabilities of Altair Nevada will be reflected at their carrying value to us. Any of our shares that we acquire from dissenting shareholders will be treated as an acquisition of treasury stock at the amount paid for the shares. Under the Nevada Code, the treasury shares may then be re-issued under the same terms as our authorized shares.

United States Federal Income Tax Considerations

The following discussion sets forth the opinion of Parr Brown Gee & Loveless, PC as to the material United States federal income tax consequences of the domestication transaction to the Company and the holders of its common shares, as well as certain of the expected material United States federal income tax consequences of the ownership and disposition of the shares of Altair Nanotechnologies Inc., the resulting Nevada corporation. The opinion of Parr Brown Gee & Loveless, PC is based on certain assumptions and is subject to certain qualifications, including the assumptions that the domestication will be consummated as described in this management proxy circular and the Nevada Articles of Domestication and Articles of Incorporation of Altair Nanotechnologies, Inc., and that all of the representations contained in the management representation letter delivered to counsel by the Company in connection with the following opinion are true, correct and complete as of the date of the opinion and will remain true, correct and complete through the effective time of the domestication transaction. An opinion of counsel is not binding on the Internal Revenue Service ("IRS") or any court.

For purposes of this discussion, to avoid confusion where a distinction is necessary, Altair Nanotechnologies Inc. as a Canadian corporation is referred to as "Altair Canada" and Altair Nanotechnologies Inc. as a Nevada corporation is referred to as "Altair Nevada."

This discussion does not address all aspects of taxation that may be relevant to particular shareholders in light of their personal investment or tax circumstances or to persons that are subject to special tax rules. In particular, this description of United States federal income tax considerations does not address the tax treatment of special classes of holders of Company common shares, such as banks, insurance companies, tax-exempt entities, financial institutions, broker-dealers, persons holding shares of Company capital stock as part of a hedging or conversion transaction or as part of a "straddle," United States expatriates, holders who acquired their common shares in Altair Canada pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan and holders who exercise dissent rights. This discussion also assumes that you hold Company capital stock as a capital asset within the meaning of the Code. This discussion is based on current provisions of the Code, United States Treasury Regulations, judicial opinions, published positions of the IRS, and other applicable authorities, all as in effect on the date of this management proxy circular and all of which are subject to differing interpretations or change, possibly with retroactive effect. This discussion does not address any state, local or foreign tax considerations. You are urged to consult your tax advisor about the United States federal tax consequences of acquiring, holding, and disposing of Company common shares, as well as any tax consequences that may arise under the laws of any foreign, state, local, or other taxing jurisdiction or under any applicable tax treaty.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of Company common shares that is for United States federal income tax purposes:

a citizen or resident of the United States;

a corporation (including any entity treated as a corporation for United States federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;

an estate the income of which is taxable in the United States regardless of its source; or

a trust, the administration of which is subject to the primary supervision of a United States Court and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable United States Treasury Regulations to be treated as a United States person.

If a partnership (including for this purpose any other entity, either organized within or without the United States, that is treated as a partnership for United States federal income tax purposes) holds Company common shares, the tax treatment of a partner as a beneficial owner of the shares will depend upon the status of the partner and the activities of the partnership. Foreign partnerships also are subject to special United States federal income tax documentation requirements. A beneficial owner of Company common shares who is not a U.S. Holder is referred to below as a "Non-U.S. Holder."

Code Section 368 Reorganization Provisions

Under applicable IRS rulings, the domestication transaction will be treated as if Altair Canada: (i) transferred all of its assets and liabilities to Altair Nevada in exchange for all of the outstanding shares of capital stock of Altair Nevada; and (ii) then distributed the shares of Altair Nevada to the shareholders of Altair Canada in liquidation of Altair Canada. The United States federal income tax consequences of the domestication and deemed transfers described above will depend primarily upon whether the transaction qualifies as a "reorganization" within the meaning of Code Section 368.

The change in the Company's place of incorporation will constitute a "reorganization" within the meaning of Code Section 368(a)(1)(F), which this discussion refers to as an "F Reorganization," provided that the number of Company outstanding shares as to which shareholders exercise their dissenters' rights ("Dissenting Shareholders") is less than 1% of all outstanding Company shares. Exercise of dissenters' rights by holders of 1% or more of the outstanding Company shares may disqualify the domestication from F reorganization treatment.

If the domestication does not qualify as an "F Reorganization" for the reason stated above, it nevertheless will qualify as a reorganization under Code Section 368(a)(1)(D) of the Code, which is referred to as a "D Reorganization," unless the Company is required to use an amount of its assets to satisfy claims of Dissenting Shareholders which would prevent it from retaining substantially all of the assets of Altair Canada immediately prior to the domestication. Historically, for advance ruling purposes, the IRS defines "substantially all" to mean 70% of the fair market value of gross assets, and at least 90% of the fair market value of net assets of such entity. In determining if Altair Nevada is acquiring and retaining "substantially all" of the assets of Altair Canada, payments of cash to Dissenting Shareholders will not be considered assets acquired by Altair Nevada. Altair Canada will satisfy the "substantially all" test unless it is required to pay to Dissenting Shareholders more than 30% of the fair market value of its gross assets or more than 10% of the fair market value of its net assets. The Company has represented that the amount it will be required to pay to Dissenting Shareholders will not prevent Altair Nevada from being deemed to have acquired and retained "substantially all" of the assets to Altair Canada within the meaning of the IRS ruling guidelines. The Company has represented that it intends to abandon the domestication if the domestication would not qualify as a reorganization based on the tests set forth above.

Therefore, the domestication will qualify as both a F reorganization and a D reorganization, and neither Altair Nanotechnologies Inc. nor Company shareholders will recognize taxable gain or loss on the transaction for United States federal income tax purposes, except as explained below under the caption headings: (i) "Effect of Exercising of Dissenters' Rights;" (ii) "FIRPTA Considerations;" (iii) "Effect of Code Section 367;" and (iv) "PFIC Considerations."

Basis and Holding Period Considerations

For United States federal income tax purposes, because the domestication will be a reorganization within the meaning of Section 368 of the Code, the tax basis of the shares of Altair Nevada stock received by a shareholder in the exchange will equal the shareholder's tax basis in the common shares surrendered in the exchange, increased by any amount included in the income of such shareholder as a result of the application of Code Section 367. See the discussion under "Effect of Code Section 367" below. The holding period for the Altair Nevada stock for United States federal income tax purposes, will be the same as the shareholder's holding period for the Altair Canada shares surrendered in the exchange, provided that the shares were held as a capital asset.

Effect of Exercising Dissenters' Rights

Any U.S. Holder that is a Dissenting Shareholder will recognize taxable gain or loss for United States federal income tax purposes with respect to its shares of Altair Canada stock equal to the difference between its tax basis in those shares and the amount of cash received for those shares through the exercise of its dissenters' rights. A U.S. Holder that exercises dissenters' rights with respect to Company common shares will recognize taxable gain or loss for United States federal income tax purposes even if the domestication otherwise qualifies as an F reorganization of a D reorganization. A Non-U.S. Holder who exercises dissenters' rights will not be subject to United States federal income tax on the receipt of cash for the shareholder's common shares.

FIRPTA Considerations

The Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"), codified at Code Sections 897 and 1445, imposes certain additional restrictions on the Company's ability to effect to the domestication without adverse United States federal income tax consequences. Altair Canada has represented that it currently owns "United States real property interests," as that term is defined in Code Section 897(c)(1), having an aggregate fair market value in excess of the adjusted tax basis of such real property. Under Code Sections 897(a) and 897(e), regardless of whether the domestication qualifies as an F Reorganization or a D Reorganization, Altair Canada will recognize taxable gain on the shares of Altair Nevada that Altair Canada is deemed to receive in exchange for its United States real property interests to the extent the fair market value of those United States real property interests exceeds the adjusted tax basis of such real property. Such gain, which Altair Canada has estimated to be U.S. \$670,000, will be taxable to Altair Canada at graduated United States federal income tax rates applicable to income effectively connected with a United States trade or business (currently up to 35%). There can be no assurance, however, that the IRS and courts will not ascribe a greater value or lower tax basis, and thus a larger taxable gain under FIRPTA, to Altair Canada's United States real property interests. The actual United States federal income tax incurred by Altair Canada for the year of the domestication will also depend on Altair Canada's other items of taxable United States income or loss for the year, including available United States net operating loss carryovers from prior years.

Unless the IRS issues a withholding certificate allowing a lower rate of FIRPTA withholding, Code Section 1445 will also require Altair Nevada to remit to IRS a withholding tax equal to 10% of the "amount realized" with respect to the deemed transfer of Altair Canada's United States real property interests to Altair Nevada in exchange for Altair Nevada shares. That deemed "amount realized," on which the Code Section 1445 withholding tax is based, will equal the fair market value of Altair Canada's United States real property interests. The Code Section 1445 withholding tax will be creditable against any United States federal income tax owed by Altair Canada for the tax year of the deemed transfer, including United States federal income tax on gain from the deemed transfer of Altair Canada's United States real property interests under Code Section 897, and will be refundable to the extent it exceeds Altair Canada's United States federal income liability for such tax year. Altair Canada has represented that it intends to apply to IRS for a FIRPTA withholding certificate reducing the amount of withholding tax that it must remit in connection with the domestication to the maximum United States federal corporate income tax associated with the net gain in Altair Canada's United States real property interests. We can provide no assurance, however, that IRS will agree to such a reduced withholding amount.

Effect of Code Section 367

Code Section 367 applies to certain non-recognition transactions involving foreign corporations. When it applies, Code Section 367 has the effect of imposing income tax on United States persons in connection with transactions that would otherwise be tax free. Code Section 367 will apply to the domestication under the circumstances discussed below even if the domestication otherwise qualifies as a F reorganization or D reorganization.

Under Code Section 367, a U.S. Holder who owns, directly or by attribution, 10% or more of the combined voting power of all classes of stock of Altair Canada, which we refer to as a 10% Shareholder, would be required to recognize as dividend income the "all earnings and profits amount", which we refer to as the "all earnings and profits amount", as determined under Section 1.367(b)-2 of the United States Treasury Regulations, attributable to its shares in Altair Canada.

A U.S. Holder that is not a 10% Shareholder is not required to include the "all earnings and profits amount" attributable to such U.S. Holder's shares in Altair Canada in income. Instead, absent making an election discussed below to include the "all earnings and profits amount" attributable to such U.S. Holder's shares in Altair Canada in income, which we refer to as a "Deemed Dividend Election," such U.S. Holder must recognize gain, but will not

recognize any loss, on his or her shares if such shares have a fair market value of \$50,000 or more on the date of the domestication exchange and the fair market value of Altair Nevada stock received by the U.S. Holder exceeds its tax basis in the shares of Altair Canada deemed surrendered. However, such a U.S. Holder can make the Deemed Dividend Election to instead include in income as a dividend the "all earnings and profits amount" attributable to the shares owned by such U.S. Holder in Altair Canada. If a U.S. Holder makes such an election, then such holder does not recognize any gain on the exchange. A Deemed Dividend Election can be made only if the Company gives the U.S. Holder the information which provides the "all earnings and profits amount" for such holder and the U.S. Holder elects and files certain notices with such holder's federal income tax return for the year in which the exchange occurred. The Company has represented that it intends to provide such "all earnings and profits amount" information upon written request to any Shareholder making the Deemed Dividend Election.

U.S. Holders should consult with their own tax advisors regarding whether to make the Deemed Dividend Election and, if advisable, the appropriate filing requirements with respect to this election.

A U.S. Holder that is not a 10% Shareholder and owns shares in Altair Canada with a fair market value of less than \$50,000 on the day of the domestication exchange is not subject to U.S. federal income tax on the domestication under Code Section 367.

The term "all earnings and profits amount" as defined under Treasury Regulation Section 1.367(b)-2(d) means the net positive earnings (if any) of a foreign corporation that are determined according to principles substantially similar to those applicable to domestic corporations, but taking into account the adjustments under the provisions of Code Section 312(k) relating to the computation of depreciation, Code Section 312(n) relating to adjustments to earnings and profits for certain items that more closely conform to economic gain or loss, and the miscellaneous provisions under Code Section 964 relating to foreign taxes and foreign corporation's earnings and profits. Code Sections 964 and 986, and the regulations thereunder, contain the rules for adjusting earnings and profits under foreign GAAP to U.S. GAAP and U.S. tax accounting, as well as rules for determining the currency in which earnings must be computed for U.S. tax purposes.

Based on an analysis by the Company's independent certified public accounting firm and other analysis by the Company, Altair Canada has represented to us that it has no positive "all earnings and profits amount" and that no U.S. Holder has a positive "all earnings and profits amount" attributable to such U.S. Holder's shares of Altair Canada. Accordingly, assuming Altair Canada has no positive "all earnings and profits amount" at the time of the domestication and that all U.S. Holders who are less than 10% Shareholders but who hold shares in Altair Canada with a fair market value of \$50,000 or more on the day of the domestication exchange file a timely Deemed Dividend Election, no U.S. Holder (neither a 10% Shareholder nor a less than 10% Shareholder who makes a Deemed Dividend Election) should be required to include any such amount in income on the domestication under Code Section 367. However, there can be no assurance that the IRS or courts will agree with the Company's determination that no U.S. Holder has a positive "all earnings and profits amount" with respect to the U.S. Holder's shares of the Company. If in fact a U.S. Holder has a positive "all earnings and profits amount" with respect to the U.S. Holder's shares of the Company and those shares have a fair market value of \$50,000 or more on the date of the domestication transaction, the U.S. Holder may be subject to adverse U.S. federal income tax consequences.

PFIC Considerations

In addition to the discussion under the heading "Effects of Code Section 367" above, the domestication might be a taxable event to U.S. Holders if Altair Canada is or ever was a passive foreign investment company, or a "PFIC," under Section 1297 of the Code, provided that Section 1291(f) of the Code is currently effective.

Section 1291(f) of the Code requires that, to the extent provided in regulations, a United States person who disposes of stock of a PFIC recognizes gain notwithstanding any other provision of the Code. No final Treasury regulations are currently in effect under Section 1291(f) of the Code. Proposed Treasury Regulations under Section 1291(f) of the Code were promulgated in 1992 with a retroactive effective date. If finalized in their current form, those regulations would require taxable gain recognition by a U.S. Holder exchanging stock of Altair Canada for stock of Altair Nevada if Altair Canada were classified as a PFIC at any time during such U.S. Holder's holding period in such stock and the U.S. Holder had not made either a "qualified electing fund" election under Code Section 1295 for the first taxable year in which the U.S. Holder owned Altair Canada shares or in which Altair Canada was a PFIC, whichever is later; or a "mark-to-market" election under Code Section 1296. The tax on any such recognized gain would be imposed at the rate applicable to ordinary income and an interest charge would apply based on a complex set of computational rules designed to offset the tax deferral to such stockholders on Company undistributed earnings. We are unable to predict at this time whether, in what form, and with what effective date, final Treasury Regulations under Code Section

1291(f) will be adopted.

Subject to certain exceptions that are not applicable to the Company, a foreign corporation is a PFIC if 75% or more of its gross income for a taxable year is passive income or if, on average for such taxable year, 50% or more of the value of its assets held by the corporation during a taxable year produce or are held to produce passive income. Passive income includes dividends, interest, rents and royalties, but excludes rents and royalties that are derived in the active conduct of a trade or business and that are received from an unrelated person, as well as interest, dividends, rents and royalties received from a related person that are allocable to income of such related person other than passive income. For purposes of these rules, Altair Canada would be considered to own the assets of and recognize the income of any subsidiary corporations as to which it owns 25% or more of the value of their outstanding stock, in proportion to such ownership.

Based upon a limited review by Altair Canada's independent certified public accounting firm, Altair Canada has represented to us that it was not a PFIC for any tax year after 2001. Assuming Altair Canada was not a PFIC at any time after 2001, the domestication should not be a taxable event under the PFIC rules for any U.S. Holder who first acquired their shares in Altair Canada during or after 2002. Altair Canada also believes, however, that it was a PFIC prior to tax year 2002. Therefore, U.S. Holders who first acquired their shares of Altair Canada prior to 2002 may be subject to taxation on the domestication transaction to the extent their shares have a fair market value in excess of their tax basis.

The determination of whether Altair Canada is or has been a PFIC is primarily factual and there is little administrative or judicial authority on which to rely to make a determination of PFIC status. Accordingly, the IRS or courts might not agree with Altair Canada's analysis of whether or not it is or was a PFIC during any particular year.

Consequences to U.S. Holders of Owning Altair Nevada Shares

Dividends. If Altair Nevada pays dividends on its shares to U.S. Holders after the domestication, such dividends will be included in the recipient U.S. Holder's income as ordinary dividend income to the extent of Altair Nevada's current and accumulated earnings and profits determined under United States federal income tax principles as of the end of the Altair Nevada taxable year in which the dividend is paid. However, with respect to dividends received by certain non-corporate U.S. Holders, including individuals, for taxable years beginning before January 1, 2011, such dividends will be taxed at the lower applicable long-term capital gains rates up to 15%, provided certain holding period and other requirements are satisfied. Distributions by Altair Nevada in excess of its current and accumulated earnings and profits will be treated as a return of capital to the extent of a U.S. Holder's adjusted tax basis in Altair Nevada's common shares and thereafter as capital gain from the sale or exchange of such shares. Dividends received by a U.S. Holder that is a corporation may be eligible for a dividends received deduction, subject to applicable limitations.

Disposition of Shares. Upon the sale, certain qualifying redemptions, or other taxable disposition of the shares of Altair Nevada held as capital assets, a U.S. Holder will recognize capital gain or loss equal to the difference between the amount of cash and the fair market value of any property received upon such taxable disposition and the U.S. Holder's adjusted tax basis in the shares. Such capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the shares is more than one year at the time of the taxable disposition. Unless certain exceptions apply, long-term capital gains recognized by non-corporate U.S. Holders (e.g., individuals) will be subject to a maximum U.S. federal income tax rate of 15%, which rate is currently scheduled to increase to 20% for dispositions occurring during taxable years beginning on or after January 1, 2011. Deductions for capital losses are subject to complex limitations under the Code.

Information Reporting and Backup Withholding Applicable to U.S. Holders. Information reporting requirements will apply to payments of dividends on shares of Altair Nevada and to the proceeds of a sale of Altair Nevada shares paid to a U.S. Holder unless the U.S. Holder is an exempt recipient such as a corporation. A backup withholding tax will apply to those payments if the U.S. Holder fails to provide to the Company its correct taxpayer identification number, or certification of exempt status, or if the U.S. Holder is notified by the IRS that it has failed to report in full payments of interest and dividend income. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. Holder's United States federal income tax liability, provided the required information is furnished in a timely manner to the IRS.

Consequences to Non-U.S. Holders of Owning Altair Nevada Shares

Dividends. If Altair Nevada pays dividends on its shares, such dividends paid to Non-U.S. Holders will be subject to withholding of United States federal income tax at the rate of 30%, or such lower rate as may be specified by an applicable income tax treaty, provided Altair Nevada has received proper certification (on IRS Form W-8BEN or

other applicable form) of the application of such income tax treaty. A Non-U.S. Holder that is eligible for a reduced rate of United States federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. Pursuant to the income tax treaty between the United States and Canada (the "Treaty"), dividends paid by a United States corporation to a Canadian resident where each qualifies for benefits under the Treaty are subject to United States federal withholding tax at a maximum rate of 15%. Non-U.S. Holders should consult their tax advisors regarding their eligibility for claiming benefits under the Treaty and regarding their particular circumstances to claim a tax credit or tax deduction against their Canadian (or other) tax liability for any United States federal withholding tax.

Dividends that are effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States or, if provided in an applicable income tax treaty, dividends that are attributable to a Non-U.S. Holder's permanent establishment in the United States, are not subject to the U.S. withholding tax, but are instead taxed in the manner applicable to U.S. Holders. In that case, Altair Nevada will not have to withhold United States federal withholding tax if the Non-U.S. Holder complies with applicable certification and disclosure requirements. In addition, dividends received by a foreign corporation that are effectively connected with the conduct of a trade or business in the United States may be subject to a branch profits tax at a 30% rate, or a lower rate specified in an applicable income tax treaty.

Disposition of Shares. A Non-U.S. Holder of Altair Nevada shares will not be subject to United States federal income tax, including by way of withholding, on gain recognized on a sale or other disposition of those shares unless any one of the following is true:

the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and, if an applicable tax treaty requires, attributable to a U.S. permanent establishment maintained by such Non-U.S. Holder;

the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of the sale, exchange or other disposition and certain other requirements are met; or

the stock of Altair Nevada constitutes a United States real property interest by reason of Altair Nevada's status as a "United States real property holding corporation" (which we refer to as a "USRPHC") for United States federal income tax purposes at any time during the shorter of the period during which such Non-U.S. Holder holds the stock of Altair Nevada; or the 5-year period ending on the date such Non-U.S. Holder disposes of the stock of Altair Nevada and, in the event of common stock that is regularly traded on an established securities market for tax purposes, the Non-U.S. Holder held, directly or indirectly, at any time within the five-year period preceding such disposition more than 5% of such regularly traded common stock.

Since the determination of Altair Nevada's status as a USRPHC in the future will be based upon the composition of Altair Nevada's assets from time to time and there are uncertainties in the application of certain relevant rules, there can be no assurance that Altair Nevada will not become a USRPHC in the future.

Information Reporting and Backup Withholding. A Non-U.S. Holder may have to comply with specific certification procedures to establish that the holder is not a United States person as described above (on IRS Form W-8BEN), or otherwise establish an exemption, in order to avoid backup withholding and information reporting tax requirements with respect to payments of dividends on the stock of Altair Nevada.

The payment of the proceeds of the disposition of stock by a Non-U.S. Holder to or through the United States office of a broker will be reported to the IRS and reduced by backup withholding unless the Non-U.S. Holder either certifies its status as a Non-U.S. Holder under penalties of perjury or otherwise establishes an exemption and the broker has no actual knowledge to the contrary. Information reporting requirements, but not backup withholding, will also apply to payments of the proceeds from sales of Altair Nevada stock by foreign offices of United States brokers or foreign brokers with certain types of relationships to the United States, unless the broker has documentary evidence in its records that the holder is a Non-U.S. Holder and certain other conditions are met, or the holder otherwise establishes an exemption. Backup withholding is not an additional tax. Any amounts that are withheld under the backup withholding rules will be refunded or credited against the Non-U.S. Holder's United States federal income tax liability if certain required information is furnished to the IRS. Non-U.S. Holders should consult their own tax advisors regarding application of backup withholding in their particular circumstance and the availability of and procedure for obtaining an exemption from backup withholding under current United States Treasury Regulations.

Canadian Federal Income Tax Considerations

In the opinion of Cassels Brock & Blackwell, LLP, the following discussion fairly describes the principal Canadian federal income tax considerations relating to legal continuance of the Company to Nevada in respect of shareholders of the common shares who, for the purposes of the Income Tax Act (Canada) (the "ITA"): (i) hold their common shares as capital property; (ii) deal at arm's length with the Company; (iii) are not affiliated with the Company, and (iv) in respect of whom the Company is not a foreign affiliate within the meaning of the ITA, or who hold more than 10% of the common shares. A shareholder will generally be considered to hold common shares as capital property, unless the shareholder holds the common shares in the course of carrying on a business, acquired the common shares in a transaction that is an adventure in the nature of trade, or holds the common shares as "mark-to-market" property for the purposes of the ITA. Shareholders should consult their own tax advisors if they have questions as to whether they in fact hold the common shares as capital property. Moreover, shareholders who do not hold the common shares as capital property should consult their own tax advisors regarding the consequences of the continuance.

This discussion is not applicable to a shareholder: (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the ITA; (ii) that is a "specified financial institution" or "restricted financial institution" as defined in the ITA; (iii) an interest in which is a "tax shelter investment" as defined under the ITA, or (iv) to whom the functional currency reporting rules in subsection 261 of the ITA would apply. Such shareholders should consult their own tax advisors.

This discussion is based upon the current provisions of the ITA, the regulations thereunder (the "Regulations"), the Canada-United States Income Tax Convention, 1980, as amended (the "Tax Treaty"), and counsel's understanding of the current administrative practices and policies of the Canada Revenue Agency (the "CRA"). This discussion also takes into account all specific proposals to amend the ITA and the Regulations (the "Proposed Amendments") announced by the Minister of Finance (Canada) prior to the date hereof and assumes that all Proposed Amendments will be enacted in their current form. However, there can be no assurance that the Proposed Amendments will be enacted in the form proposed or at all. Except for the Proposed Amendments, this discussion does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of our continuance transaction.

Although portions of this discussion of "Canadian Federal Income Tax Considerations" that are applicable to shareholders considered to be resident of the United States for purposes of the Tax Treaty (the "US resident shareholders") may also apply to shareholders residing in other jurisdictions, this discussion does not specifically address the tax consequences to such other shareholders and accordingly such other shareholders are urged to contact their own tax advisors to determine the particular tax consequences applicable to them.

The following discussion is based on the facts set out in this Circular and on additional information provided to Canadian tax counsel by the Company's management. We have not independently verified the information provided by management and provide no opinion with respect to any specific amounts referred to herein, including the fair market value of any of the Company's assets, liabilities, paid-up capital and other tax balances, or the conclusion based on such amounts that no Canadian federal income tax will arise on the continuance.

All amounts relevant to the computation of income under the ITA must be reported in Canadian dollars. Any amount that is expressed or denominated in a currency other than Canadian dollars, including adjusted cost base, proceeds of disposition, and dividends must be converted into Canadian dollars based on the currency exchange rate quoted by the Bank of Canada at noon on the particular day or at such other rate of exchange that is acceptable by the Minister.

This discussion is not intended to be, nor should it be construed to be, legal or tax advice to any shareholder. Accordingly, shareholders should consult their own tax advisers for advice as to the income tax consequences having regard to their own particular circumstances.

Tax Consequences Applicable to the Company

On the continuance, the Company will be deemed to be resident in the United States, and to no longer be resident in Canada. Under the ITA, the change in residence from Canada to the United States will cause the Company's tax year to end immediately before the continuance, and a new tax year to begin at the time of the continuance.

Furthermore, the Company will be deemed to have disposed of all of its property immediately before the continuance for proceeds of disposition equal to the fair market value of our property at that time. This deemed disposition may cause the Company to incur a Canadian tax liability as a result of the deemed capital gain.

Furthermore, the Company will be subject to a separate corporate emigration tax imposed by the ITA on a corporation departing from Canada. The emigration tax will be imposed on the amount by which the fair market value of all of the Company's property immediately before the continuance exceeds the aggregate of its liabilities at that time (other than dividends payable and taxes payable in connection with this emigration tax) and the amount of paid-up capital on all of its issued and outstanding shares. Tax will be imposed at a rate of 5% on its net assets determined under the foregoing formula, unless one of the main reasons for the Company's changing of residence to the United States was to reduce the amount of this corporate emigration tax or the amount of Canadian withholding tax paid by the Company, in which case the rate will be 25%.

The Company has reviewed its assets, liabilities, paid-up capital and other tax balances and assuming that the market price of the Company's common shares does not exceed \$1.50 per share (proportionately adjusted for any consolidation of the Company's common shares) and that the exchange rate of the Canadian dollar to the U.S. dollar is CDN \$1.00 equals \$0.95 and that the value of the Company's property does not increase, management has advised that it anticipates that there will not be any Canadian federal income tax arising on the continuance. This conclusion is based in part on the Company's determinations of factual matters, including determinations regarding the fair market value of the Company's assets and tax attributes. Furthermore, the facts underlying the assumptions and conclusions used by management may change prior to the effective time of the continuance. The Company has not applied to the CRA for a ruling as to the amount of Canadian taxes payable as a result of the continuance and does not intend to apply for such a ruling given the factual nature of the determinations involved. There can be no assurance that the CRA will accept the valuations or management's estimate of the amount of Canadian taxes that will be payable upon the continuance. Accordingly, there is no assurance that the CRA will conclude after the effective time of the continuance that no additional Canadian taxes are due as a result of the continuance or that the amount of such additional Canadian taxes will not be significant.

Due to the change in residence upon the continuance, the Company will no longer be subject to taxation under the ITA on its worldwide income. However, if the Company carries on business in Canada or has other Canadian sources of income, the Company may be subject to Canadian tax on its Canadian-source income.

Shareholders Resident in Canada

The following portion of this summary of "Canadian Federal Income Tax Considerations" applies to shareholders of the Company who are resident in Canada for the purposes of the ITA.

Shareholders of the Company who remain holding the common shares after the continuance, will not be considered to have disposed of their common shares by reason only of the continuance. Accordingly, the continuance will not cause the Canadian resident shareholders to realize a capital gain or loss on their common shares and there will be no effect on the adjusted cost base of their common shares.

Following the continuance, any dividends received by an individual (including a trust) who is a Canadian resident shareholder will be included in computing the individual's income for tax purposes and will not be eligible for the gross-up and dividend tax credit treatment generally applicable to dividends on common shares of taxable Canadian corporations.

Any dividends received by a corporate shareholder will be included in calculating that corporation's income for tax purposes and the corporation will not be entitled to deduct the amount of such dividends in computing its taxable income. A "Canadian-controlled private corporation" (as defined in the ITA) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" which is defined to include amounts in respect of taxable capital gains and certain dividends. To the extent that U.S. withholding taxes are imposed on dividends paid by the Company, the amount of such tax will generally be eligible for a Canadian foreign tax credit or tax deduction subject to the detailed rules and limitations under the ITA. Canadian resident shareholders are advised to consult their own tax advisors with respect to the availability of such a Canadian foreign tax credit or tax deduction having regard to their particular circumstances.

Foreign Property Information Reporting

A shareholder that is a "specified Canadian entity" for a taxation year and whose total cost amount of "specified foreign property" at any time in the year exceeds C\$100,000 (as such terms are defined under the ITA) will be required to file an information return for the year to disclose certain prescribed information. Subject to certain exceptions, a Canadian resident shareholder will generally be a specified Canadian entity. The common shares should be classified within the definition of "specified foreign property". Canadian resident shareholders should consult their own tax advisors as to whether they must comply with these reporting requirements.

Dissenting Shareholders

Although the matter is not free from doubt, it is reasonable to conclude based on administrative positions published by the CRA that the dissenting Canadian resident shareholder will be deemed to receive a taxable dividend equal to the amount by which the amount received for their common shares, less an amount in respect of interest, if any, awarded by the Court, exceeds the paid-up capital of the dissenting Canadian resident shareholder's common shares, assuming the shares were cancelled before the continuance became effective. The tax treatment of deemed dividends received by a Resident Dissenting Shareholder will generally be as described above under the heading "Shareholders Resident in Canada." However, in some circumstances, the amount of any such deemed dividend realized by a corporation may be treated as proceeds of disposition and not as a dividend. A dissenting Canadian resident shareholder will also be considered to have disposed of the common shares for proceeds of disposition equal to the amount paid to such dissenting Canadian resident shareholder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend. Therefore, a dissenting Canadian resident shareholder may realize a capital gain or sustain a capital loss in respect of such a disposition.

If the shares are cancelled after the continuance, although the matter is not free from doubt, it is reasonable to conclude that the amount paid to a Canadian resident shareholder who dissents to the continuance should be treated as receiving proceeds of disposition for his common shares. Accordingly, in this case the dissenting Canadian resident shareholder would recognize a capital gain or loss to the extent that the amount received as proceeds for the disposition of the common shares exceeds or is less than the shareholder's adjusted cost base of the common shares.

Interest awarded by a court to a dissenting Canadian resident shareholder will be included in the shareholder's income for purposes of the ITA.

Dissenting Canadian resident shareholders should consult their own tax advisers for advice as to the income tax consequences to them of our continuance, having regard to their own particular circumstances.

U.S. Resident Shareholders

The following portion of this summary of "Canadian Federal Income Tax Considerations" applies to shareholders of the Company who are residents of the United States for purposes of the Tax Treaty and are entitled to the benefits therein, and who do not use or hold their common shares in the course of carrying on a business in Canada.

After the continuance, U.S. resident shareholders will not be considered to have disposed of their common shares by reason only of the continuance. Accordingly, the continuance will not cause these U.S. resident shareholders to realize a capital gain or loss on their common shares, and will have no effect on the adjusted cost base of their common shares.

After the continuance, U.S. resident shareholders will not be subject to Canadian withholding tax on dividends received from the Company.

After the continuance, the common shares will not be taxable Canadian property to U.S. resident shareholders, and therefore will not cause such shareholders to be subject to taxation in Canada on any subsequent disposition of such common shares, provided that not more than 50% of the fair market value of the common shares is derived directly or indirectly from one or any combination of real property situated in Canada, Canadian resource properties and timber resource properties and certain ownership tests are met. Based on representations from management regarding the fair market value of the Company's common shares, it is not expected that the common shares will be classified as taxable Canadian property.

Dissenting U.S. Resident Shareholders

Although the matter is not free from doubt, it is reasonable to conclude based on administrative positions published by the CRA that the U.S. resident dissenting shareholder will be deemed to receive a taxable dividend equal to the amount by which the amount received, less an amount in respect of interest, if any, awarded by the Court, exceeds the paid-up capital of the U.S. resident dissenting shareholder's common shares assuming the shares were cancelled before the continuance became effective. The amount of the deemed dividend will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the deemed dividend unless the rate is reduced under the provisions of the Tax Treaty. A U.S. resident dissenting shareholder will also be considered to have disposed of the common shares for proceeds of disposition equal to the amount paid to such U.S. resident dissenting shareholder less an amount in respect of interest, if any, awarded by the Court and the amount of any deemed dividend, and will be subject to tax under the ITA on any gain realized as a result unless relief is provided under the Tax Treaty.

If the shares are cancelled after the continuance, although the matter is not free from doubt, it is reasonable to conclude that the amount paid to a non-resident shareholder who dissents to the continuance should be treated as receiving proceeds of disposition for his common shares. Accordingly, the dissenting non-resident shareholder would recognize a capital gain or loss to the extent that the amount received as proceeds for the disposition of the common shares exceeds or is less than the shareholder's adjusted cost base of the common shares.

Interest received by a U.S. resident shareholder consequent upon the exercise of the dissent rights will be not subject to withholding tax under the ITA.

Eligibility for Investment

Following the continuance, the common stock will continue to be listed on the NASDAQ Capital Market. Because the common stock will continue to be listed on a designated stock exchange, the common stock will continue to be a qualified investment for certain deferred income plans under the ITA, namely trusts governed by deferred profit sharing plans, registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability saving plans and tax-free savings accounts.

DESCRIPTION OF OUR CAPITAL STOCK

Unless the context provides otherwise, the following description of our capital stock assumes the consummation of the domestication has already occurred. The following description of Altair Nevada' capital stock is not complete and is subject to and qualified in its entirety by the proposed articles of incorporation and bylaws of Altair Nevada, which are attached as Exhibits C and D, respectively, to this Circular.

Altair Nevada's authorized capital stock consists of 500,000,000 shares of common stock, par value \$.001 per share; provided, however, if Altair Canada implements a consolidation (a/k/a reverse stock split) of its common shares prior to the domestication of Altair Canada to Nevada, the number of authorized shares of common stock of Altair Nevada shall be reduced to the greater of (a) the product of 500,000,000 multiplied by inverse of the consolidation ratio selected by Altair Canada for its common shares (i.e. 1/7 for a 7 to 1 consolidation), and (b) 200,000,000. As of June 10, 2010, there were 105,400,728 common shares of Altair Canada issued and outstanding. Assuming the domestication had occurred on June 10, 2010, there would have been 105,400,728 shares of Altair Nevada common stock issued and outstanding.

Altair Nevada Common Stock

Holders of common stock are entitled to one vote for each share held of record on all matters on which stockholders are permitted to vote. Except as otherwise provided by law, a matter submitted to the stockholders for approval at a meeting at which a quorum is present is approved if the votes cast in favor exceed the votes cast against. Under the Bylaws of Altair Nevada, a quorum is present if at least two shareholders holding at least one-third of our total outstanding shares of common stock are present in person or by proxy. There is no cumulative voting for the election of directors, and holders of common stock do not have preemptive rights. In the event of liquidation, holders of common stock are entitled to share ratably in the distribution of assets remaining after payment of liabilities, if any. The holders of common stock are entitled to receive such dividends, if any, as may be declared from time to time by the Board of Directors. There are no conversion rights, redemption rights, sinking fund provisions or fixed dividend rights with respect to the common stock. All outstanding shares of the common stock are fully paid and nonassessable.

Change of Control Provisions in the Rights Agreement

The rights of the holders of the common stock of Altair Nevada will be governed by the Rights Agreement with Equity Transfer Services Inc. in the same manner, and to the same extent (subject to any limitations under the Nevada Revised Statutes), as the rights of the common shares of Altair Canada.

Pursuant to the Rights Agreement, on November 27, 1998, which is the record date, the Board of Directors authorized and declared a distribution of one right with respect to each common share issued and outstanding as of the record date and each common share issued thereafter prior to the expiration time (as defined below). The rights are subject to the terms and conditions of the Rights Agreement. A copy of the Amended and Restated Shareholder Rights Plan Agreement is attached as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 18, 1999 and a copy of the Amendment No. 1 to such agreement is attached as Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on October 6, 2008. A copy of the Rights Agreement is also available upon written request to us. Because it is a summary, the following description of the rights and the Rights Agreement necessarily omits certain terms, exceptions, or qualifications to the affirmative statements made therein. The reader is advised to review the entire Rights Agreement prior to making any investment decision.

Certain Key Terms of the Rights Prior to Flip-In Date

Prior to the date a transaction or event occurs by which a person, called an acquiring person, becomes the owner of 15% or more of the outstanding shares of common stock and other shares entitled to vote for the election of directors, which event is a Flip-in Event, each right entitles the holder thereof to purchase one-half share of common stock for the price of \$20 (which exercise price and number are subject to adjustment as set forth in the Rights Agreement). Notwithstanding the foregoing, no Right shall be exercisable prior to the commencement date. The commencement date is the close of business on the eighth business day after the earlier of (a) the date of a public announcement or disclosure by the company or an acquiring person of facts indicating that a person has become an acquiring person, or (b) the date of commencement of, or first public announcement of, the intent of any person to commence a bid for a number of voting shares that would give the bidder beneficial ownership of 15% or more of the issued and outstanding voting shares, referred to as a Take-over Bid.

Certain Key Terms of the Rights Following Flip-In Date

Section 3.1 of the Rights Agreement includes a provision, referred to as a conversion provision, which provides that, subject to certain exceptions, upon the occurrence of a Flip-in Event, each right shall be adjusted so as to constitute a right to purchase from us for \$20, as adjusted, a number of shares of common stock having an aggregate market price of four times \$20 (as adjusted). The market price is determined by averaging the closing price of the shares of common stock on the primary exchange for the shares of common stock for the 20 trading days preceding the date of determination. In addition, upon the occurrence of any Flip-in Event (if not subsequently deemed not to have occurred under the Rights Agreement), any rights owned by the acquiring person, its affiliates, or certain assignees become null and void. Any rights certificate subsequently issued upon transfer, exchange, replacement, adjustment, or otherwise with respect to shares of common stock owned by any of the foregoing persons shall bear a legend indicating the extent to which such rights are void. Rights held by us or our subsidiaries are also void.

Exceptions, Redemption and Waiver

The definitions of Flip-in Event and certain related terms are subject to exceptions, certain of which are summarized below. Nevertheless, to understand each such exception and how they may interrelate, the reader is advised to review the Rights Agreement. Despite a person's acquisition of 15% or more of our voting shares, a Flip-in Event shall be deemed not to have occurred or shall have no effect if:

- (1) the acquiring person is the Company or an entity controlled by the Company;
- (2) the acquiring person is an underwriter who becomes the beneficial owner of 15% or more voting shares in connection with a distribution of securities pursuant to an underwriting agreement with us;
- (3) the transaction by which the person becomes an acquiring person is a voting share reduction, which is an acquisition or redemption of voting shares by us which, by reducing the number of outstanding shares of common stock, has the incidental effect of increasing the acquiring person's ownership percentage;
- (4) the transaction by which the person becomes an acquiring person is an acquisition with respect to which our Board has waived the conversion provision because:
 - (a) our Board has determined prior to the commencement date that a person became an acquiring person by inadvertence and, within 10 days of such determination, such person has reduced its beneficial ownership of shares of common stock so as not to be an acquiring person;
 - (b) our Board acting in good faith has determined, prior to the occurrence of a Flip-in Event, to waive application of the conversion provision, referred to as a discretionary waiver;
 - (c) our Board determines within a specified time period to waive application of the conversion provision to a Flip-in Event, provided that the acquiring person has reduced, or agreed to reduce, its beneficial ownership of voting shares to less than 15% of the outstanding issue of voting shares, referred to as a waiver following withdrawal.
- (5) the acquisition by which the person becomes an acquiring person is an acquisition pursuant to (a) a dividend reinvestment plan or share purchase plan made available to all holders of voting shares; (b) a stock dividend, stock split or similar event pursuant to which the acquiring person receives common shares on pro rata basis with all members of the same class or series; (c) the acquisition or exercise of rights to purchase voting shares distributed to all holders of voting shares; (d) a distribution of voting shares or securities convertible into voting shares offered pursuant to a prospectus or by way of a private placement, provided the acquiring person does not thereby acquire a greater

percentage of the voting shares or convertible securities offered than the person's percentage of voting shares beneficially owned immediately prior to such acquisition.

(6) such person is Al Yousuf, LLC, a United Arab Emirates limited liability company (“Al Yousuf”); provided, however, such exception is not applicable to Al Yousuf in the event that Al Yousuf shall, after its execution of that certain Stock Purchase and Settlement Agreement (the “Purchase and Settlement Agreement”), dated October 6, 2008, by and between the Company and Al Yousuf (a) increase its beneficial ownership percentage of voting shares by more than 1% above its beneficial ownership percentage of voting shares as a result of its execution of the Purchase and Settlement Agreement, other than through the issuance of shares pursuant to the Purchase and Settlement Agreement, a voting share reduction, an exempt acquisition or a pro rata acquisition, or (b) commence a Take-over Bid that would, if consummated, increase its beneficial ownership percentage of voting shares by more than 1% above its beneficial ownership percentage of voting shares as a result of its execution of the Purchase and Settlement Agreement.

In addition, (i) when a Take-over Bid is withdrawn or otherwise terminated after the commencement date has occurred, but prior to the occurrence of a Flip-in Date, or (ii) if the Board of Directors grants a waiver following withdrawal, our Board may elect to redeem all outstanding rights at the price of \$.0000001 per right (as adjusted). Upon the rights being redeemed pursuant to the foregoing provision, all provisions of the Rights Agreement shall continue to apply as if the commencement date had not occurred, and we shall be deemed to have issued replacement rights to the holders of its then outstanding shares of common stock.

In addition, our Board may, at any time prior to the first date of public announcement or disclosure by us or an acquiring person of facts indicating that a person has become an acquiring person, or announcement date, elect to redeem all, but not less than all, of the then outstanding rights at the \$.0000001 per share (as adjusted). Moreover, in the event a person acquires voting shares pursuant to a discretionary waiver, our Board shall be deemed to have elected to redeem the rights at \$.0000002 per share (as adjusted). Within 10 days after our Board elects, or is deemed to have elected, to redeem the rights, our Board shall give notice of redemption to the holders of the then outstanding rights and, in such notice, described the method of payment by which the redemption price will be paid. The rights of any person under the Rights Agreement or any right, except rights to receive cash or other property that have already accrued, shall terminate at the expiration time, which is the date of a discretionary redemption or a deemed redemption described in this paragraph.

Exercise of the Rights

The rights shall not be exercisable prior to the commencement date. Until the commencement date, each right shall be evidenced by the certificate for the associated share of common stock and will be transferable only together with, and will be transferred by the transfer of, its associated share of common stock. New share certificates issued after the effective date of the Rights Agreement will contain a legend incorporating the Rights Agreement by reference. Certificates issued and outstanding at the effective date of the Rights Agreement shall evidence one right for each common share evidenced thereby, notwithstanding the absence of a legend incorporating the Rights Agreement, until the earlier of the commencement date or the expiration time. Each share of common stock issued for new value after the effective date of the Rights Agreement, but prior to the expiration time, shall automatically have one new right associated with it and shall bear the appropriate legend.

From and after the commencement date, the rights may be exercised, and the registration and transfer of the rights shall be separate from and independent of the shares of common stock. Following the commencement date, we shall mail to each holder of shares of common stock as of the commencement date, or such holder's nominee, a rights certificate representing the number of rights held by such holder at the commencement date and a disclosure statement describing the rights.

Rights may be exercised in whole or in part on any business day after the commencement date and prior to the expiration time by submitting to the rights certificate, an election to exercise, and payment of the sum equal to \$.0000001 per share (as adjusted) multiplied by the number of rights being exercised. Upon receipt of such materials,

the Rights Agent will promptly deliver certificates representing the appropriate number of shares of common stock to the registered holder of the relevant rights certificate and, if not all rights were exercised, issue a new rights certificate evidencing the remaining unexercised rights.

The foregoing description does not purport to be complete and is qualified by reference to the definitive Rights Agreement.

Potential Anti-takeover Effect of Nevada Law, Our Articles of Incorporation and Bylaws

Meeting and Voting Provisions

Provisions of the proposed articles of incorporation and bylaws of Altair Nevada providing that only the Chairman of the Board, the Chief Executive Officer or any two directors may call special meetings of stockholders, or providing that stockholders are prohibited from taking action by written consent, may have the effect of making it more difficult for a third party to acquire control of Altair Nevada, or of discouraging a third party from attempting to acquire control of Altair Nevada. In addition, the bylaws of Altair Nevada include provisions requiring that shareholders wishing to nominate a director or submit a proposal at a meeting provide advanced written notice or the nominee or proposal to the Company.

Combinations with Interested Stockholders

Sections 78.411 to 78.444 of the Nevada Revised Statutes contain provisions limiting business combinations between “resident domestic corporations” and “interested stockholders.” These sections provide that the resident domestic corporation and the interested stockholder may not engage in specified business “combinations” for three years following the date the person became an interested stockholder unless the Board of Directors approved, before the person became an interested stockholder, either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder.

These sections of Nevada corporate law also contain limitations on transactions entered into with the interested stockholder after the expiration of the three-year period following the date the person became an interested stockholder. Certain exceptions to these restrictions apply if specified criteria suggesting the fairness of a combination are satisfied. For purposes of these provisions, “resident domestic corporation” means a Nevada corporation that has 200 or more stockholders of record, and, subject to certain exceptions, “interested stockholder” means any person, other than the resident domestic corporation or its subsidiaries, who is:

- the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the resident domestic corporation; or
- an affiliate or associate of the resident domestic corporation and at any time within three years immediately before the date in question was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding shares of the resident domestic corporation.

Business combinations for this purpose include:

- a merger or plan of share exchange between the resident domestic corporation or a subsidiary and the interested stockholder or, after the merger or exchange, an affiliate;
- any sale, lease, mortgage or other disposition to the interested stockholder or an affiliate of assets of the corporation having a market value equal to 5% or more of the market value of the assets of the corporation, 5% or more of the outstanding shares of the corporation or 10% or more of the earning power or net income of the corporation;
- specified transactions that result in the issuance or transfer of capital stock with a market value equal to 5% or more of the aggregate market value of all outstanding shares of capital stock of the corporation to the interested stockholder or an affiliate; and
-

certain other transactions that have the effect of increasing the proportion of the outstanding shares of any class or series of voting shares owned by the interested stockholder.

Pursuant to the articles of incorporation, Altair Nevada has opted out of these provisions as permitted by Section 78.434(5) of the Nevada Revised Statutes; however, were the articles of incorporation to be amended to eliminate the opt-out provision, the above-described provisions of the Nevada corporate law would limit certain transactions with interested stockholders.

Acquisition of Controlling Interest

Sections 78.378-78.3793 of the Nevada Revised Statutes include “acquisition of controlling interest” provisions. If applicable to a Nevada corporation, the provisions restrict the voting rights of certain stockholders that acquire or offer to acquire ownership of a “controlling interest” in the outstanding voting stock of an “issuing corporation.” For purposes of these provisions, a “controlling interest” means, with certain exceptions, the ownership of outstanding voting stock sufficient to enable the acquiring person to exercise one-fifth or more but less than one-third, one-third or more but less than a majority, or a majority or more, of all voting power in the election of directors, and “issuing corporation” means a Nevada corporation which has 200 or more stockholders of record, at least 100 of whom have addresses in Nevada appearing on the stock ledger of the corporation, and which does business in Nevada directly or through an affiliated corporation. The restrictions of sections 78.38-78.3793 of the Nevada Revised Statutes will not apply to shares of capital stock of Altair Nevada following the domestication because Altair Nevada does not have a 100 or more stockholders of records with addresses in Nevada and because Altair Nevada’s bylaws and articles of incorporation opt out of such provisions; however, if any time Altair Nevada has at least 100 Nevada stockholders of record located in Nevada and amend the articles of incorporation to opt in to such provisions, the above-described provisions of Nevada corporate law would limit certain transactions with persons acquiring a controlling interest.

Listing

The common stock of Altair Nevada will be listed on the NASDAQ Capital Market under the trading symbol “ALTI.”

Transfer Agent and Registrar

The transfer agent and registrar for the common shares of Altair Canada is Equity Transfer and Trust Company.

Proxies from registered holders are to be sent to Equity Transfer and Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, Canada.

The transfer agent and registrar for the common stock of Altair Nevada will be Registrar and Transfer Company.

PROPOSAL No. 2 — ADJOURNMENT OF MEETING

Adjournment

If it becomes necessary to obtain additional votes in favor of proposal No. 1, regarding the domestication, a motion may be made to adjourn the special meeting to a later time to permit further solicitation of proxies. If such a motion to adjourn is made, it will require that more votes of the Company's common shares are cast in favor of the proposal than votes of its shares that are cast against the proposal, even if a quorum is not present or represented at the special meeting.

Vote Required

Proposal No. 2 requires that more votes of the Company's common shares are cast in favor of the proposal than votes of its shares that are cast against the proposal. Accordingly, abstentions, withhold votes and broker non-votes will have no effect on the outcome of proposal No. 2.

THE BOARD OF DIRECTORS URGES YOU TO VOTE "FOR" THIS PROPOSAL NO. 2 TO ADJOURN THE SPECIAL MEETING IF IT BECOMES NECESSARY TO ESTABLISH A QUORUM OR SOLICIT ADDITIONAL VOTES IN FAVOR OF PROPOSAL NO. 1.

OUR BUSINESS

Our primary business is developing, manufacturing and selling our nano lithium titanate battery products and providing related design, installation and test services. Our primary focus is marketing our large-scale energy storage solutions to power companies and electric grid operators throughout the world. In addition, we market our battery products to the electric and hybrid-electric mass-transit markets.

We also provide contract research services on select projects where we can utilize our resources to develop intellectual property and/or new products and technology. Although contract services revenue comprised a significant portion of our total revenues in recent years accounting for 65%, 87%, and 55%, respectively in 2009, 2008 and 2007, we expect this percentage to decline as our battery sales increase.

Our Power and Energy Group

Primary Products

We are developing, marketing, producing and selling our proprietary rechargeable lithium ion batteries, which we refer to as our nano lithium titanate batteries. As explained in greater detail below, the principal features used to compare rechargeable batteries include charge and discharge rates, power and energy density, cycle and calendar life, operational safety and cleanliness, operating temperature range, and round trip efficiency. In laboratory and field tests, our nano lithium titanate batteries have performed extremely well in nearly all of these categories. In particular, our nano lithium titanate batteries show remarkable power, charge and discharge rates and cycle life, together with high functionality at both high and low temperatures. In some categories our batteries perform as much as an order of magnitude (a factor of 10) better than those of rechargeable batteries currently being used for our targeted applications. Battery uses requiring these strengths include electric utility services for frequency regulation, the integration of renewable energy generation sources into the grid, uninterruptible power supplies, hybrid electric and full electric vehicles particularly in the mass-transit market.

Our Target Markets

Power and Grid Operators. Power companies and grid operators are seeking cost effective ways to ensure that electric power supply matches electric power demand. There is essentially no inventory of electricity. Power and grid operators are constantly trying to match the electricity generated with the load demanded. They are very good at forecasting from hour to hour the load expected, but they cannot project from minute to minute the exact load anticipated. To maintain proper frequency of the grid (60Hz in the U.S.), the generation and load must be balanced within very tight tolerances. Maintaining these tolerances is typically achieved through the use of auxiliary generators. If the load is either higher or lower than the power being generated, an auxiliary generator is either started or stopped. However, it takes these generators from generally seven to 15 minutes to ramp up to full efficient operation or to shut down. During that period the load may change directions and the grid operator then must direct another auxiliary generator to shut down or ramp up. This is a very inefficient process with the grid operators constantly chasing a variable load. The process of managing these very short-term changes in energy demand is referred to as “frequency regulation.” The chart below depicts a typical workday for PJM Regional Transmission Organization, which manages the electric grid in the Mid-Atlantic states region, and how our battery can help smooth out the fluctuations.

Electricity demand on a typical workday in the PJM electric grid covering the Mid-Atlantic states and District of Columbia

Utilities can address frequency regulation issues by maintaining on-line generating capacity at a level that is always higher than expected peak demand. However this is an expensive solution. Most U.S. utilities are required to maintain between 1% and 1.5% of their peak load capacity to provide frequency regulation. As an example, for the PJM Regional Transmission Organization, this requirement translates into a 900 megawatt daily requirement. In many foreign countries where the electric grid is not as well developed as it is in the U.S., utilities need to reserve up to 5% or more of their capacity strictly to provide frequency regulation. GTM Research estimated in an August 2009 report that the current market for ancillary services, including frequency regulation, is 7 gigawatts in the U.S. and 38 gigawatts globally. At the cost of \$1 million per megawatt, this translates into a \$38 billion global market. To reduce the costs of providing frequency regulation, utilities and grid operators are seeking “fast energy” storage systems. When supply exceeds demand for a short period, these systems accept a charge from the grid until operators reduce output; then when demand exceeds supply for a short period, these fast energy storage systems deliver electric energy back to the grid for a short period to give operators time to reroute energy from another power generator or power-up a new power source. Our large-scale nano lithium titanate battery systems are a fast storage energy system designed to respond in milliseconds and meet this need.

The need for a fast energy storage technology like our large-scale nano lithium titanate battery is enhanced by the increasing use of renewable energy sources. Photo Voltaic (PV) solar and wind power generation by nature are intermittent and unpredictable sources of energy that can fluctuate widely in a very short period of time. For example, it is not uncommon for the load of a PV array to fluctuate as much as 50% in less than 90 seconds. With a small rooftop array, such fluctuations are not an issue, because the size of the generator is too small to matter. However, with a 50+ megawatt array, problems arise as the typical electric grid isn't currently built to handle this kind of a fluctuation. According to the Federal Energy Regulatory Commission, 29 states and the District of Columbia currently require the integration of renewable energy generation sources into the electrical grid through legislated renewable energy portfolio standards. Many of these states have established targets requiring the integration of renewable energy generation sources equal to or exceeding 25% of total generation within the next decade. These levels of renewable source integration are substantially higher than what is available today. The mandated adoption of these renewable energy generation systems is likely to increase the need for effective, efficient, clean energy storage technologies to provide frequency regulation services and maintain the reliability and stability of the associated electric grid systems.

Electric and Hybrid Electric Buses. Large cities, counties and transit authorities are increasingly turning to electric and hybrid electric buses to reduce pollution and reliance on diesel fuel for their transportation systems. At this stage of the market development, electric and hybrid electric vehicles generally cost more than their conventional counterparts, although the upfront cost is partially offset by subsequent lower operating costs and a potentially longer operating life. Proterra LLC recently had one of its all-electric buses using our batteries tested at the Altoona Test Track of Penn State University and demonstrated between 17.5 to 29.5 miles per gallon fuel equivalent as compared to a normal diesel bus that typically attains less than 4 miles per gallon efficiency. We estimate that this difference translates into a fuel savings of about \$350,000 over the average life of the typical mass-transit bus. This is in addition to the expected savings in maintenance costs over the life of the bus as a result of fewer mechanical systems and moving parts to maintain. We believe that cities, counties and mass transit operators will be willing to accept the higher upfront costs in order to benefit from the expected savings in long-term operating costs and potentially longer operating life, as well as the environmental benefits.

As compared to conventional mass-transit buses, electric and hybrid electric buses require a significant amount of power, operate throughout the day, have a long expected life and run in all temperatures. The relative strengths of our nano lithium titanate batteries, including the high levels of power, rapid charge and discharge rates, long cycle life and ability to function at temperature extremes, are particularly well suited for electric and hybrid electric buses, giving us what we believe is a compelling competitive advantage in this market.

According to the Center of Globalization, Governance & Competitiveness, associated with Duke University, the global market for transit buses is currently a \$3 billion market, and is projected to grow by 59% by 2017. With the growing concern regarding the release of pollutants associated with burning fossil fuels, the attractiveness of all electric and hybrid electric buses is rapidly growing. Working with Proterra LLC and other potential partners, we are attempting to establish our nano lithium titanate batteries as the power source of choice in this emerging market.

Military Uses. In the military market, we have focused on opportunities that allowed us to leverage our research efforts. For example, the M119 program we completed for the U.S. Army during 2009 has served us well in the advancement of our product safety testing and commercial development. In the near term, it has resulted in the development of a battery module that is an excellent fit for the Army's M119 Howitzer Program. If the current Army testing demonstrates our battery can safely power an artillery piece in a high-intensity battlefield situation, it will provide a strong endorsement for its use in much less stressful civilian environments. Our work with the Office of Naval Research to develop a 2.5 megawatt battery to serve as back-up on navy warships is also progressing well. We completed Phase I of a four phase program during 2009 and should complete Phase II in mid 2010 with Phase III anticipated to begin shortly after completion of Phase II.

Key Features of Our Nano Lithium Titanate Batteries

One of the principal advantages of our nano lithium titanate battery is its rapid charge and discharge rate. The charge rate is the rate at which a battery's energy is replenished, and discharge rate is the rate at which the energy stored in a battery is transferred (or, in the case of self-discharge, leaked). Through the optimization of materials used in the negative electrode of our nano lithium titanate battery cells, our current cells are capable on average of recharge times of 10 minutes to reach 95% or more of initial battery capacity. The rapid recharge ability is important in our target markets of frequency regulation and mass-transit buses.

Our nano lithium titanate batteries also discharge rapidly, symmetrical with their charging ability. This balanced charge and discharge capability can be important in frequency regulation. If a battery cannot be charged at the same rate at which it discharges, then over time, with random high rate up and down regulation, a less capable battery system may ultimately be fully discharged and therefore incapable of further regulation.

Our nano lithium titanate batteries have both a longer cycle life and calendar life than commercially available rechargeable battery technologies such as conventional lithium ion, nickel-metal hydride (NiMH) batteries and nickel cadmium (NiCd) batteries. The ability of any rechargeable battery to store energy will diminish as a result of repeated charge/discharge cycles. A battery's "cycle life" is the number of times it can be charged and discharged without a significant reduction in its energy storage capacity. Our nano lithium titanate is termed a zero strain material, meaning that the material essentially does not change shape upon the entry and exit of a lithium ion into and from the material. Graphite, the most common material in conventional lithium ion batteries, will expand and contract as much as 8% with each charge/discharge cycle. This constant change in volume leads to significantly shorter calendar and cycle life than with our nano lithium titanate anodes. In a January 2007 test, we completed 25,000 deep charge/discharge cycles of our innovative cells. Even after 25,000 cycles, the cells still retained over 80% of their original charge capacity. This represents a significant improvement over conventional batteries, which typically retain that level of charge capacity only through approximately 1,000 to 3,000 deep charge/discharge cycles.

Our nano lithium titanate batteries also represent a breakthrough in low and high-temperature performance. Nearly 90% of room temperature charge retention is realized at -30°C from our nano lithium titanate battery cells. In contrast, common lithium ion technology possesses virtually no charging capabilities at this low temperature, and the other rechargeable battery types such as lead acid, NiMH and NiCd take 10 to 20 times longer to charge at this low temperature. This breakthrough performance at extreme temperatures is important in our target markets, in which large vehicles, large-scale fast storage batteries and military batteries are expected to function in a wide range of temperature conditions. Mass-transit buses, for example, need to function equally well in the cold New England winters and the hot summers of the Southwest.

We also believe that relative safety is one of the strengths of our nano lithium titanate battery technology. Any battery cell or large battery unit with lithium ion cell technology must take into account safety considerations, the most important of which is thermal runaway. Thermal runaway is the temperature at which the battery chemistry will break down causing the battery to overheat and potentially explode or catch fire. This temperature is often referred to as the critical temperature. Critical temperature for lithium ion battery cells using conventional graphite anodes is around 130°C , a direct result of chemical reaction between the graphite and the electrolyte. With our current nano lithium titanate anode in place of graphite and an appropriate cathode material, that critical temperature is near 180°C , an increase in safety margin of approximately 50°C . Materials we are working on in our lab are approaching 25