# **EXHIBIT D**

## **(Liquidation Analysis)**

## A. Overview

Section 1129(a)(7) of the Bankruptcy Code sets forth the so-called "best interests" test, which requires that the Court find, as a condition to Confirmation, that each holder of a Claim or Equity Interest in each impaired Class: (i) has accepted the Plan; or (ii) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the Bankruptcy Court must: (i) estimate the cash proceeds (the "**Liquidation Proceeds**") that a Chapter 7 Trustee would generate if these Chapter 11 Cases were converted to a chapter 7 case on the Effective Date and the assets of the Debtors' Estates were liquidated; (ii) determine the distribution (the "**Liquidation Distribution**") that each non-accepting holder of a Claim or Equity Interest would receive from the Liquidation Proceeds under the priority scheme dictated in chapter 7; and (iii) compare each holder's Liquidation Distribution to the distribution under the Plan that such holder would receive if the Plan were confirmed and consummated.

To assist the Court in making the findings required under section 1129(a)(7) of the Bankruptcy Code, the Debtors have prepared this Hypothetical Liquidation Analysis ("**Liquidation Analysis**"). The Debtors' Plan was prepared on a consolidated basis. Therefore, this Liquidation Analysis was also prepared on a consolidated basis. Consequently, the proceeds realized from each Debtor are aggregated in a common distribution source. For purposes of distribution, each and every Allowed Claim against, and Equity Interest in, any Debtor is entitled to a distribution from the aggregated proceeds. Any Allowed Claim against a Debtor, and any guarantee thereof executed by any other Debtor, and any joint or several liability of any of the Debtors are deemed one right to a distribution from the aggregated proceeds.

## B. Liquidation Proceeds

The Liquidation Analysis presents both "high" and "low" estimates of Liquidation Proceeds representing a range of the Debtors' management's assumptions and estimates relating to the proceeds to be received from a liquidation of the assets less the costs incurred during the liquidation. It is assumed that a majority of the liquidation would be performed over a period of six to twelve months. The assumed date of the conversion to a hypothetical chapter 7 liquidation is approximately [December 31, 2009]. It is assumed that a chapter 7 trustee would be appointed and certain of the Debtors' current employees would be employed to wind-down the Debtors' operations and sell the Debtors' assets on a piecemeal basis.

The statements in the Liquidation Analysis were prepared solely to assist the Court in making the findings required under section 1129(a)(7) of the Bankruptcy Code. They may not be used or relied upon for any other purpose.

THE DEBTORS BELIEVE THAT ANY ANALYSIS OF A HYPOTHETICAL LIQUIDATION IS NECESSARILY SPECULATIVE. THERE ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE AND

OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. NEITHER THE LIQUIDATION ANALYSIS, NOR THE FINANCIAL INFORMATION ON WHICH IT IS BASED, HAS BEEN EXAMINED OR REVIEWED BY THE DEBTORS' INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THERE CAN BE NO ASSURANCE THAT ACTUAL RESULTS WILL NOT VARY MATERIALLY FROM THE HYPOTHETICAL RESULTS PRESENTED IN THE LIQUIDATION ANALYSIS.

## WHITE ENERGY INCORPORATED

### Liquidation Analysis

| | Pro Forma December 31, 2009 | | Estimated Liquidation Value High | | Estimated Liquidation Value Low | |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | $ 22,788 | | $ 22,788 | 100% | $ 22,788 | 100% |
| Accounts receivable | 19,132 | A | 12,941 | 68% | 11,879 | 62% |
| Inventories | 11,997 | B | 10,929 | 91% | 10,395 | 87% |
| Derivative assets | 772 | C | 772 | 100% | 733 | 95% |
| Prepaid and other current assets | 5,908 | D | 4,726 | 80% | 3,545 | 60% |
| Property, plant and equipment, net | 127,641 | E | 19,146 | 15% | 12,764 | 10% |
| Restricted cash | 1 | | 1 | 100% | 1 | 100% |
| Deferred financing fees, net | 6,944 | F | - | 0% | - | 0% |
| Other assets | 743 | G | 149 | 20% | 74 | 10% |
| Investment in unconsolidated subsidiaries | 956 | H | 143 | 15% | 96 | 10% |
| **Total assets** | $ 196,882 | | $ 71,595 | 36% | $ 62,275 | 32% |
| **Liabilities** | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable-trade | $ 4,882 | I | $ 3,957 | 81% | $ 3,957 | 81% |
| Other accrued expenses | 1,125 | J | 1,125 | 100% | 1,125 | 100% |
| Administrative claims | 3,866 | K | 3,866 | 100% | 3,866 | 100% |
| Priority tax claims | 2,940 | L | 2,940 | 100% | 2,940 | 100% |
| **Total liabilities and allowed claims** | $ 12,813 | | $ 11,888 | 93% | $ 11,888 | 93% |
| **Winddown costs** | | M | $ 5,000 | | $ 7,250 | |
| **Net Proceeds** | | | **$ 54,706** | | **$ 43,136** | |

A Accounts receivable - Assumes certain forward sales contracts will be broken and customers with the right to offset will do so to recover any loss on cover

B Inventories - Work in process inventory will be converted to finished goods. Finished goods should attain relatively high values, raw materials will be resold into the market as below mark values

C Derivative assets - derivative assets are primarily composed of cash

D Prepaids - Amount include prepayments for commodities, deposits and prepaid insurance. Recovery rate should be high for commodity products. Deposits should be fully refundable while spare parts and prepaid insurance will have limited value.

E PP&E - The industry is currently oversupplied with ethanol manufacturing equipment and construction materials. Deconstruction and sale by component part will result in significantly lower recovery values

F Deferred Financing - Includes closing costs associated with the original financing of the company and is amortized over the life of the loan. This asset holds no liquidation value.

G Other assets - this asset holds the non-current value of spare parts. There is likely limited value in these spare parts.

H Investments in subs - Ownership in the sub entity will be traded for the physical equipment in the entity. This equipment will then be liquidated

I Accounts payables - includes post petition operating expenses, other accrued expenses and current accrued compensation that will be paid, however accruals for future compensation will not be paid.

J Other accrued expenses - The majority of these expenses are professional expenses related to the bankruptcy.

K Administrative claims are assumed to recover 100% of allowed claims

L Tax claims are assumed to recover 100% of allowed claims

M Winddown costs assumed to be incurred over a 6 - 12 month period. Costs to be considered are:

| | High | Low |
|---|---|---|
| Management oversight of winddown process | $ 500 | $ 1,000 |
| Final Accounting and Tax work | 200 | 400 |
| Lease and operating costs during closedown | 900 | 1,800 |
| Plant cleanup and closedown | 200 | 400 |
| Liquidation of inventory expenses | 273 | 260 |
| Sale of Real Estate and Equipment costs | 2,000 | 1,300 |
| Professional and Trustee costs | 750 | 1,500 |
| Other | 177 | 590 |
| | $ 5,000 | $ 7,250 |

## C. Distribution of Net proceeds under Absolute Priority

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, including the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, THE DEBTORS HAVE DETERMINED, AS SUMMARIZED ON THE FOLLOWING CHART, THAT CONFIRMATION OF THE PLAN WILL PROVIDE EACH HOLDER OF A CLAIM AND/OR EQUITY INTEREST WITH A RECOVERY THAT IS NOT LESS THAN IT WOULD RECEIVE PURSUANT TO A LIQUIDATION OF THE DEBTORS UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

The Debtors' Allowed Secured Lender Claims are estimated to be approximately $308 million and such Allowed Claims are secured by all of the Debtors' assets. Thus, under the priority scheme of the Bankruptcy Code, and with estimated Liquidation Proceeds of between $43,136,000.00 and $54,706,000.00, even assuming the highest estimate for Liquidation Proceeds, in a Chapter 7 proceeding all of the Liquidation Proceeds would go to pay Allowed Secured Lender Claims, leaving no distribution for the holders of any other Claims or Equity Interests.

*Summary of Recoveries*

| Description | Class No. | Under the Plan | Chapter 7 |
|---|---|---|---|
| Priority Claims | Class 1 | 100% | 0% |
| Secured Lender Claims | Class 2 | 80% | 18% |
| Other Secured Claims | Class 3 | 100% | 0% |
| Secured Tax Claims | Class 4 | 100% | 0% |
| General Unsecured Claims | Class 5 | 4% | 0% |
| Subsidiary Equity Interests | Class 6 | 100% | 0% |
| Preferred Equity Interests | Class 7 | 0% | 0% |
| Common Equity Interests | Class 8 | 0% | 0% |