

OxBridgeResearchTM.

Helping tomorrow's FORTUNE 500 companies TODAY!TM

COMPANY UPDATE

OCTOBER 19, 2009

ALUMIFUEL POWER CORPORATION (OTC:BB – AFPW – 0.11)

TARGET: \$0.40

RATING: SPECULATIVE BUY

COMPANY SNAPSHOT

AN EMERGING PLAYER IN THE FAST GROWING ALTERNATIVE ENERGY SPACE, ALUMIFUEL POWER INC. (APD) IS AN EARLY PRODUCTION STAGE ALTERNATIVE ENERGY COMPANY THAT GENERATES HYDROGEN GAS AND SUPERHEATED STEAM FOR APPLICATIONS REQUIRING ON-SITE, ON-DEMAND FUEL SOURCES. API'S PRODUCTS ARE TAILORED TO SERVE MILITARY, HOMELAND SECURITY AND COMMERCIAL APPLICATIONS. API'S OFFERING DRIVES FUEL CELLS FOR PORTABLE AND BACK-UP POWER, FILLS INFLATABLE DEVICES SUCH AS WEATHER BALLOONS, AND CAN REPLACE COSTLY, HARD-TO-HANDLE AND HIGH PRESSURE K-CYLINDERS. API HAS SIGNIFICANT DIFFERENTIATORS IN PERFORMANCE, ADAPTABILITY, SAFETY AND COST-EFFECTIVENESS IN ITS TARGET MARKET APPLICATIONS. IN ADDITION, NO EXTERNAL POWER IS REQUIRED AND NO TOXIC CHEMICALS OR BY-PRODUCTS ARE PRODUCED OR RELEASED.

KEY STATISTICS

Price as of 10/16/09	\$0.11
52 Wk High – Low	\$0.20 -0.04
Shares Outstanding	277.0M
Market Capitalization	\$30.5M
Avg Vol (3 mo.)	71,000
Exchange	OTC:BB

COMPANY INFORMATION

AlumiFuel Power Corporation

<http://www.alumifuelpowerinc.com>

Thomas B. Olson, Corporate Secretary

303-796-8940

info@alumifuelpowerinc.com

INVESTMENT HIGHLIGHTS

AlumiFuel announced late last week that it is developing a new handheld flameless heating device with several military and commercial applications. We believe that this product could be introduced sometime in the next quarter or so, and the first application could be the lucrative MRE (Meals Ready to Eat) market.

Given the latest news, and the fact that the shares have declined since our September report, we believe that these shares are very attractive and do not reflect the latest opportunities.

The alternative energy market is one of the world's fastest growing industries. AlumiFuel management estimates that the U.S. hydrogen market will grow from around \$1.6 billion in 2008 to around \$5 billion in 2012.

Broad governmental, military, commercial, and public support for viable alternative energy options are driving deployment. AlumiFuel Power is an early production stage alternative energy company that generates hydrogen gas and superheated steam for applications requiring on-site, on-demand fuel sources. No external power is required and no toxic chemicals or by-products are produced or released.

The Company signed a Memorandum of Understanding (MOU) with a Fortune 50 and Dow 30 Company to continue to evaluate the API technology for specific power conversion applications. This MOU is a tremendous validation of the Company's technology for mission-critical military applications and can ultimately be converted for commercial uses as well.

We continue to believe that the stock could reach \$0.40 as investors become more familiar with the AFPW story, and management continues to execute. Thus, we affirm our Speculative Buy rating.

THE MRE OPPORTUNITY

In our view, the handheld flameless heating device under development, and soon to be under production, is a natural progression of the Company's existing product offerings. Management's approach is to produce portable, cost-effective energy solutions to varied markets.

We believe that a key, near-term application for this product is the MRE market, or "Meals Ready to Eat". MREs are completely self-contained meals that provide all the daily nutrition necessary and are the main individual operation ration used by the U.S. military. These thermo stabilized pouches are great for storage, have very long shelf lives, and do not need to be refrigerated. In addition to the military use, they are produced and distributed by private entities for emergencies as well as law enforcement; hospitals, fire departments, FEMA, Red Cross and government agencies storage depend on MREs.

MREs were famously used as a civilian offering when distributed to Hurricane Katrina victims. Each MRE typically contains an entrée/starch, crackers, spread, dessert/snack, beverages, accessory pack, plastic spoon and some form of Flameless Ration Heater (FRH). Each MRE ration provides an average of 1300 calories.

We believe that AlumiFuel can reach the marketplace using a “path to market” partner which might well be one of the leading MRE vendors such as Ameriqua, MRE-Star, or Sopacko, (preferably one that is government approved) and provide the new handheld flameless heater to one of these firms, which would ultimately be part of the MRE package sold to the military, government agencies, hospitals, or to consumers at outdoors/camping outlets.

Interestingly, one of the Company’s main development centers is in Philadelphia, home to the *Defense Supply Center Philadelphia*, which is the Troop Support center of the Defense Logistics Agency. It provides the U.S armed services members with food, clothing, textiles, medicines, medical equipment, and construction supplies and equipment.

It also acts as a support center for United States humanitarian and disaster relief efforts. In fiscal 2009, vendors sold over \$14 billion worth of goods through this center, and MREs were part of this figure.

INVESTMENT RISKS

In our view, the greatest risk to these shares is an economic one, as evidenced by the slowdown during the recession. We believe that AlumiFuel’s unique approach, IP, and existing distribution channel negates risks somewhat, though given that the Company is in the early production stage, it may hamper swift, broad adoption pending greater market education. In our view, all of these risks are consistent with the companies of AlumiFuel’s size. Thus, investors should use progress in technology, distribution, adoption, sales and other news as a performance measure since these shares will be news-driven in the near term.

CONCLUSION

Given that we believe that AlumiFuel can go from development to production relatively quickly, we believe that this product will be revenue generating early next year with potentially broad adoption later, and will give the Company yet another foothold in the military sales arena. Furthermore, other non-military applications can be derived from this technology which may have even greater revenue opportunities.

Given the new, broad revenue-generating opportunities, and the fact that the shares have declined since our September report, we believe that these shares are very attractive and do not reflect these latest opportunities. We continue to believe that the stock could reach \$0.40 as investors become more familiar with the AFPW story, and management continues to execute. Thus, we affirm our Speculative Buy rating.

ANALYST: ROBERT GOLDMAN

Rob Goldman has 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology research team covering Israeli Technology and Communications Software. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group as well as the Firm's Israeli research team. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and The Blue and White Fund.

ANALYST CERTIFICATION

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

FORWARD-LOOKING STATEMENT AND DISCLAIMER/DISCLOSURE:

The statements in the press release that relate to the Company's expectations with regard to the future impact on the Company's results from acquisitions or actions in development are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements in this document may also contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those contained in such statements. OxBridge Research has been compensated by a third party forty five thousand dollars for Investor Awareness and Advertisement services including publication/distribution of this report. Investment opinions and views expressed in the Report are of the Analyst's own. OxBridge is not a Broker-Dealer or a Financial Advisor. Consult your Financial Advisor before investing. OxBridge bears no responsibility for the accuracy or completeness of the Report and is under no obligation to update in the future.