FORM 51-102F3
MATERIAL CHANGE REPORT

1. Reporting Issuer:

Newalta Inc. ("Newalta")
211 – 11th Avenue S.W.
Calgary, Alberta
T2R 0C6

2. Date of Material Change:

January 1, 2009

3. News Release:

On January 2, 2009, a news release was issued and disseminated through the facilities of Canada Newswire and filed on SEDAR.

4. Summary of Material Change:

Newalta announced that it completed its previously announced conversion from an income trust to a corporation (the "Conversion") on December 31, 2008 and completed an amalgamation of various operating entities on January 1, 2009.

5. Full Description of Material Change:

Newalta announced that, on December 31, 2008, it completed the previously announced, unitholder and court approved, Conversion whereby all outstanding trust units of Newalta Income Fund were exchanged for common shares in the capital of Newalta on a one-for-one basis. The amalgamation of various subsidiary operating entities of Newalta in connection with the Conversion was completed on January 1, 2009.

The common shares of Newalta will commence trading on the Toronto Stock Exchange, under the symbol "NAL", on January 7, 2009. Concurrently, the trust units of Newalta Income Fund will be delisted from the Toronto Stock Exchange. The 7.0% convertible unsecured subordinated debentures of Newalta will continue to trade under the symbol "NAL.DB".

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:

Not Applicable

7. Omitted Information:

Not Applicable

8. Executive Officer:

Took Whiteley, Vice President, General Counsel and Corporate Secretary of Newalta is knowledgeable about the material change and may be reached at (403) 806-7000.

9. Date of Report:

January 6, 2009