

**Investor
Insight**

Phil Scott, CFA
Senior Research
Analyst

**American Security
Resources Corporation**

Advanced Clean Energy Technology

**Stock Symbol:
OTCBB: ARSC.OB**

Company Overview

American Security Resources (ARSC)

is a holding company, which through its subsidiary companies (Hydra Fuel Cells) is advancing clean energy technologies to secure a bright energy future for America.

ARSC is actively seeking to acquire companies and energy technologies to extend its existing line of fuel cell electric generators.

Their break-through IP for efficient exchange of hydrogen to electricity and use

state of the art, mass production techniques will yield a competitive edge.

Hydra is emerging now from the development stage of its fuel cell, and is going through certification and fine tuning the design to maximize output, efficiency and minimize heat to provide maximum life of the unit.

Near term markets are telecom, UPS, light commercial, residential, motor vehicles and larger power systems.

Our rating : ★★★★★

ARSC continues an aggressive expansion of their energy holdings and transitions out of the development stage. They have completed the acquisition of eGO; accelerated product development through Hydra Fuel Cell and initiated the acquisition of the Noble Wind Turbine technology. The commercial production of their 1st generation system — HydraStax® 5000 Fuel Cell will drive revenues in 2007.



Significant Events

- Seeking \$2.5M-\$10M
- LOI to acquire patented Noble Wind Turbine
- ARSC plans to partner with City of Columbia and Univ. of South Carolina
- Investor A.T. Merrill joins Board
- Commercial production units undergoing certification

Seeking \$2.5M-\$10M in Funding to Ramp Fuel Cell Production and Acquisitions

ARSC is actively seeking funding of \$2.5M to \$10M over the next 3years.

The increased funding is in preparation for developing the wind turbine business (from The Maria Group Inc. which holds exclusive rights to the patented Noble Wind Turbine) which they expect to acquire and other potential expansions.

HydraStax® fuel cells are coming to market this quarter and they are preparing for a big push to ramp up the production.

ARSC plans to partner with the City of Columbia and the University of South Carolina to design and implement unprecedented integration of

hydrogen fuel cell technology into multiple aspects of the City and the University .

The applications for this type of power number in the thousands and will necessitate funding for R&D, M&A and market expansions.

Our Assessment of Critical Success Factors:

Our assessment of the critical factor of success for American Security Resources is segmented into 5 areas and is based on analysis of information provided in *SEC Filings, Legal Agreements, Management interviews, press releases and financial statements*. The information is aggregated into our ranking model and generates a 5 point system

(CSF Rating- critical success factors) where 5 indicates a factor has the highest probability of success and 0 means zero contribution to the growth in the fair market value.

Downside Risk - If American Security Resources is unable to begin production and generate sales the companies’ capital structure is

at risk. This combined with the additional development and market penetration costs may limit profitability while putting downward pressure on the stock and future capital raises would be dilutive.



Our CSF Ratings:

American Security Resource Corp. – CSF Rating	
★★★★☆	Overall rank – our rating of American Security Resource’s success probability in the next 12 months
★★★★★	Opportunity – Advanced energy technologies will continue to provide unlimited applications – the potential exists for ARSC’s growth to increase by 75-150% over the next 2 years
★★★★	Product – production of their hydrogen based systems into more applications and much larger consumers will hyper speed their growth
★★★★	Management Team – small agile team of experts in the financing and energy technology industries
★★★	Capital Structure – companies is seeking additional funding to fuel their evolution from development stage to commercial production
★★	Cash Flow – near term needs require additional funding with a minimum of \$2.5M;

“ARSC has a strong management team that has both a proven track record in helping start-ups achieving rapid growth along with decades of experience with Fortune 500 companies.”

Summary

The outlook for the next 12 months based on our financial analysis, recent expansions, scalable business model, new strategic partners/investors and management plans we expect an increase in ARSC market cap of \$4.78M. The planned \$2.5M to \$10M investment will enable commercial production of their fuel cell and application into a number

of markets associated with utilities, municipalities and other power consuming entities—the longer term evolution of an affordable consumer product is on the horizon.

“In 24 month’s American Security Resources will be a leader in providing affordable hydrogen products with a market cap potential of 4X.”

Market and Competition

In July, 2004, the ARSC business focus was acquiring companies in homeland security and national defense. With the acquisition of eGO Design Inc. in October, 2005, they changed its focus to the development and commercialization of technologically advanced, high volume mass producible, hydrogen fuel cells.

Proposed fuel cell applications exist for police, fire and public safety; local government communications; utilities;

academic sporting and entertainment facilities among others. Their product will initially start selling into the first level of its targeted market where the availability of power is more important than the price (standby or primary power that is not connected to the electric web).

Financials

American Security Resources Holdings for the quarter ending 9/30/2006 reported total revenue of \$0, an operating loss of (\$3,184,537), total assets of \$204,592, total liabilities of \$294,531 and net income of (\$3,408,924).

Presently they are raising additional funds which were recently increased

by Golden Gate Investors to \$10M over 3 years.

In 2006 an additional 33.2M shares were issued for cash and services increasing the outstanding shares to 97.5M. As of 9/30 warrants for 24.34M shares included 5M new and 5.25M exercised.

During the 9 months ended September 30, 2006, they raised over \$1.6 million through private placements of common stock and other instruments to fund the development of the HydraStax fuel cells.

Hydra Fuel Cell Corporation



HFCC is focused on hydrogen proton exchange membrane (PEM) fuel cell systems and are located in Beaverton, Oregon as a fully owned subsidiary of ARSC. Their patent-pending technology and low-cost producible design allows

dramatically improved power output, system reliability, and power density versus other PEM-based systems.

The HydraSTAX™ 5000 Fuel Cell, currently in development, utilizes readily available hydrogen fuel either direct or

reconstituted. The remote monitoring, configurability and control capabilities maximize efficiency plus support.

The HydraSTAX™ 5000 is a 1kW PEM modular fuel cell at ~US\$650/kW.

Price as of 12/27/06: .049

Market and Trading Data

Shares Outstanding:	97,509,000
Market Capitalization:	\$4.78M
Float	57.38M
52 week range:	\$0.029 - \$0.64
52 week Change	-67%
Insider shares	22.6M

Total Debt:	197K
Average Volume:	599,747

Balance Sheet (000's) 930/06

Cash:	61
Accounts Receivable	302
Total Assets:	205
Shares issued :cash/service	\$3.65M
Total Liabilities:	25

P&L Data (000's) Q3

Revenues (development stage)	0
Expenses:	3,185
Interest Expense	0
Net Profit:	(3,409)
Net Loss per Common Share	(.035)

Company Contact Information

Frank Neukomm
Chairman and CEO
9601 Katy Freeway, Suite 220
Houston, TX 77024
p 713-465-1001
www.americansecurityresources.com
www.hydrafuelcell.com

Transfer Agent:

Atlas Stock Transfer Corporation
5899 South State Street
Salt Lake City, UT 84107
P 801-266-7151

In addition to this Fact Sheet, refer to public SEC Filings and Financial Statements for full disclosure at www.sec.gov

Business Overview

American Security Resources Corporation (ARSC — www.americansecurityresources.com) is a holding company with a wholly owned subsidiary, Hydra Fuel Cell Corporation (www.hydrafuelcell.com), that is developing advanced hydrogen fuel cells based on its proprietary intellectual property. The company, previously known as Computer Automation Systems, Inc., was reorganized and recapitalized in 2004 changing its name, first to Kahuna Network Security, Inc. and in July, 2004, to American Security Resources Corporation with a business focus of acquiring companies in homeland security and national defense. With the acquisition of eGO Design Inc. in October, 2005, they changed focus to the development and commercialization of technologically advanced, high volume mass producible, hydrogen fuel cells. American Security Resources acquired exclusive licensing and manufacturing rights to the Hydra fuel cell from eGO Design, which held the patents for the Hydra silicon-based, hydrogen fuel cells. The company's subsidiary, Hydra Fuel Cell Corporation, has approximately twelve employees or contractors working on the development of the proprietary HydraStax™ hydrogen fuel cells. eGO Design's research indicates that the current market for fixed power is approximately \$5 billion and, within a few years, may exceed \$7 billion.

ARSC hired the three design engineers on October 28, 2005 through a purchase agreement described as the acquisition of eGO Design, Inc. which was the development-stage entity that the design engineers owed at the time. Up to that point, the engineers had spent time planning the development of a proto-type hydrogen fuel cell technology. ARSC hired these individuals to continue developing this technology. Although legally, the transaction was structured as a purchase agreement where ARSC exchanged shares for all the outstanding shares in eGO Design, the substance of the transaction was a “hiring bonus” paid by ARSC to these design engineers in the form of ARSC stock. The accounting treatment of the transaction resulted in a recognition of compensation expense in the amount of \$2,040,000, an amount equal to the market value of ARSC stock issued on the date of the transaction.

Prior to completing the transaction on October 28, 2005, the Company completed extensive due diligence on the fuel cell market and PEM based hydrogen fuel cells in particular and determined that the engineers had developed unique technology ideas worthy of development. As of December 31, 2005 Hydra had designed, assembled and tested a successful prototype of their proprietary fuel cell concept.

In December 2006, ARSC completed development of their production prototypes and stated certification of the HydraStax™ unit for commercial production to begin in early 2007. To accomplish this, ARSC is seeking additional funding of \$2.5 to \$10 million for research and development of the hydrogen fuel cell, and to produce and sell enough units to bring the endeavour to the point of self-sufficiency.

Hydra Fuel Cell Corporation — “emerging from development stage”

Hydra has designed two models of its fuel cell, the first to be used as either backup power or in some cases primary power for remote radio transmission facilities and cell phone towers. The second is a larger unit which can be used for backup power in critical commercial operations such as hospitals, computer centers and emergency operations centers. Hydra is concentrating on a “Proton Exchange Membrane” PEM fuel cell which utilizes a specialized flexible milar film which allows the electron which is split from the Hydrogen atom to pass through the membrane onto the “Cathode”. This stream of electrons develops a continuous flow which becomes the electrical power output of the fuel cell.

The design of Hydra's fuel cell is a unique design because it utilizes a Silicon board which has been laser drilled with thousands of tiny holes. The design also includes a proprietary gasket and manifold which supplies Hydrogen across the entire area of the PEM, thus significantly increasing the efficiency of the unit. Hydra's target markets are stationary fuel cells between 500 watts and 40 kW and can be used as either backup power sources or primary power sources. This product has a capability to allow an owner to generate power during off-hours at a cost of around \$0.06/kW/hr to \$0.08/KW/hr. The Unit is housed in a computer-like housing or HVAC unit, which will support 10 individual fuel cells, each generating 1kW.

The HydraStax® hydrogen fuel cell is designed to be the first commercially mass producible hydrogen fuel cell and will therefore be priced well below their competitors. The beta units are performing much better than expected. The applications for this type of fixed power with the military and commercial customers number in the thousands. The emerging need for stationary Fuel Cell technology for the industrial/ commercial sector for standby and remote power, and for high-end residential users, is evident. The Freedonia Group projects that the Fuel Cell Opportunity is currently a \$5 billion segment of a Trillion dollar industry for reliable power and distributed generation for the digital economy.

Hydra Fuel Cell Corporation is uniquely positioned to provide a viable product for these sectors on a "large scale basis" in a relatively short period of time (2-3 years). The Hydra Fuel Cell is the "first" mass producible fuel cell system which can provide the efficiency to rival traditional generated power from public utilities. The cost of this unit is one third that of competitive fuel cell units. All of the components in the initial fuel cell manufacturing process are currently available from existing suppliers in the market. This allows an assembly operation to be conducted in a way that can rapidly ramp up production. Extensive use will be made of existing volume manufacturing techniques.

The BTU consumption to usable power efficiency of the Hydra unit is double that of conventional oil burning generators. This product has the unique capability to allow an owner to generate power during off-hours at a cost of around \$0.06/KW/hr to \$0.08/KW/hr and to sell it back to the grid for \$0.12 to \$0.16/KW/hr, while supplying the owner's normal power needs during the day. In effect this unit becomes a cash generator for the owner, selling electricity for up to a 100% gross profit.

Fuel Cell Basics

The United States uses over 20 million barrels of oil per day. Such numbers are mind boggling as its dependence on oil is a threat to both its national security and economy. With growing demand for this commodity and shrinking domestic production, this dependency should continue, with a large amount coming from the world's most unstable and unfriendly regions. Using President Bush's own words, "the best way to break this addiction is through technology. By applying the talent and technology of America, this country can dramatically improve its environment, move beyond a petroleum-based economy, and make its dependence on Middle Eastern oil a thing of the past." With the increasing awareness of the importance of alternative energy, hydrogen and fuel cell technology have the potential to offer viable solutions to this problem.

The basic design of most fuel cells is similar, except for the electrolyte. The five main types of fuel cells are alkaline fuel cells, proton exchange membrane fuel cells, phosphoric acid fuel cells, molten carbonate fuel cells, direct methanol fuel cells, and solid oxide fuel cells. American Security Resources Corporation focuses on the proton exchange membrane fuel cells (PEMs) which are commonly used because they can vary their output quickly and fit well with smaller applications. The main benefits of PEMs are that they react in a timely

manner to changes in electrical demand, will not leak and use inexpensive manufacturing materials (plastic membrane). Fuel cells use a chemical reaction to produce electricity. Hydrogen and oxygen are combined in the fuel cell to produce water and heat. Hydrogen is supplied to the anode catalyst where it is split into protons and electrons. The electrons flow through the load to produce electricity. The protons pass through the electrolyte and, at the cathode catalyst rejoin with the electrons and combines with oxygen to form and output water.

Fuel cells have several important advantages over coal and other conventional electrical energy generation because they are more efficient at converting fuel sources to end-use energy where fuel cells are projected to achieve overall efficiencies of around 70%-80% when utilizing the waste heat. Also, since combustion is not involved, no combustion by-products, such as nitrogen oxide and sulfur oxide are produced, helping the environment. One final benefit of fuel cells, a very significant one, stems from their ability to be built to a certain size and then have their power output quickly and easily increased by adding more stacks of fuel cells, when and if demand for electricity increases. The hydrogen fuel cell industry is more mature than some realize. Last year there were more than 10,000 hydrogen fuel cells sold in the market segment targeted by the company.

Identified applications for the 5kW - 40kW systems include back-up power for telecommunications, UPS, light commercial and residential applications. There are also licensing opportunities for motor vehicles, larger power systems and portable electronics.

Market

Pre-commercial fuel cells are now moving from Angstrom Power Inc of Canada. These are micro hydrogen fuel cell demonstration packages at 2W/5V or 1W/5V. FCIA brought into Australia the first bike light powered by a 1W micro hydrogen fuel cell in Feb.2006. Since then Angstrom have released a commercial torch powered by the same 1W fuel cell. UltraCell using methanol will commercially release their units ending year 2006 powering laptops by example. Jadoo Power will release a US\$2000 power package for video cameras and for military surveillance equipment, after April 2006. Jadoo have licensed Millennium Cell's technology early in year 2006, and Protonex shortly after. What Jadoo will do here is attempt to make a disposable fuel canister. Jadoo fuel cell has released their 100watt PEM fuel cell power plant for ~US\$1000. It is modular, high tech, and reliable. Its metal hydride hydrogen storage canisters give a digital read out on how much hydrogen is left. A refueling station as well can be purchased. The basic package would retail for around US\$2000.

China now has several fuel cell manufacturers which are producing PEM fuel cells for educational markets 200%-300% cheaper than European units, and 100watt,200watt,300watt to 50kW fuel cell stacks and engines. China as well have manufacturers making the PEM membrane and MEAs, both being the "heart" of the PEM fuel cell. China is not the world leader at this point in time however are moving towards PEM fuel cells which are 20%-30% more powerful in near future. China is as well working on enabling issues like cheaper metal hydride storage cylinders and regulators in packages. There are a number of companies manufacturing portable fuel cell units at 100watt to 1kW being PEM and methanol fuel cells. The prices again from Europe are still fairly high, and will have to come down quickly as the Chinese will be very competitive up to 1kW within 12 months, and will have cheaper regulators with their metal hydride storage cylinders.

Those companies which are most persistent, hard working, innovative and have the best financial and marketing strategies will succeed. Will the consumer seek disposable cartridges to satisfy their fuel cells, powering their laptops and mobile phones — the need is definitely there!

Financial Review

Capital Structure:

The company's stock is traded on the OTC Bulletin Board under the symbol "ARSC." The company, previously known as Computer Automation Systems, Inc., was reorganized and recapitalized in 2004 changing its name, first to Kahuna Network Security, Inc. and in July, 2004, to American Security Resources Corporation with a business focus of acquiring companies in homeland security and national defense. With the acquisition of eGO Design Inc. in October, 2005, the company changed its focus to the development and commercialization of technologically advanced, high volume mass producible, hydrogen fuel cells. While embarking on the new business plan of development and marketing of the HydraStax hydrogen fuel cell, ARSC has re-entered the development stage and the latest 10Q reflects those reporting requirements. Through September 30, 2006, American Security has incurred losses totalling \$10,388,436 since it re-entered the development stage on October 1, 2005 and had limited working capital at September 30, 2006.

PERIOD ENDING	30-Sep-06	30-Jun-06	31-Mar-06	31-Dec-05
Assets				
Current Assets				
Cash And Cash Equivalents	59	43	412	12
Short Term Investments	3	8	104	138
Net Receivables	-	-	0	-
Inventory	-	-	-	-
Other Current Assets	4	4	4	4
Total Current Assets	66	55	520	154
Long Term Investments	-	-	-	-
Property Plant and Equipment	139	120	24	15
Goodwill	-	-	-	-
Intangible Assets	-	-	-	-
Accumulated Amortization	-	-	-	-
Other Assets	-	-	-	-
Deferred Long Term Asset Charges	-	-	-	-
Total Assets	205	175	544	170
Liabilities				
Current Liabilities				
Accounts Payable	51	64	30	8
Short/Current Long Term Debt	197	10	-	-
Other Current Liabilities	47	4	109	18
Total Current Liabilities	295	77	139	25
Long Term Debt	-	-	-	-
Other Liabilities	-	-	-	-
Deferred Long Term Liability Charges	-	-	-	-
Minority Interest	-	-	-	-
Negative Goodwill	-	-	-	-
Total Liabilities	295	77	139	25
Stockholders' Equity				
Misc Stocks Options Warrants	-	-	-	-
Redeemable Preferred Stock	-	-	-	-
Preferred Stock	-	-	-	-
Common Stock	94	76	71	62
Retained Earnings	(42,497)	(39,088)	(37,840)	(35,037)
Treasury Stock	-	-	-	-
Capital Surplus	42,356	39,413	38,425	35,206
Other Stockholder Equity	(43)	(303)	(252)	(87)
Total Stockholder Equity	(90)	98	405	144
Net Tangible Assets	(\$90)	\$98	\$405	\$144

Balance Sheet - for the year ended September 30, 2006

During the three months ended September 30, 2006, American Security issued: 9,015,052 common shares in exchange for consulting and legal services and recorded a total expense of \$851,061. Of these shares, 3,815,052 shares were issued to employees of the Hydra fuel cell subsidiary in lieu of salaries in the amount of \$363,561. 5,250,000 common shares upon exercise of options granted to consultants pursuant to their consulting arrangements. The exercise of these options resulted in proceeds of \$397,750 to American Security. 4,298,000 shares to directors and officers and recorded an expense equal to \$408,310. On July 1, 2006, ARSC extended the expiration dates of the 17,500,000 warrants granted on May 4, 2004 from December 31, 2006 to December 31, 2007.

Our analysis: *American Security Resources share price continues to decline over the last 2 months as they begin to emerge from development stage. The additional financing of their growth with convertible notes and warrants will fund shortfalls to cover operating expenses of \$3.81M per quarter (averaged from the last 3 quarters—32.3% paid with stock).*

Cash: As of September 30, 2006, American Security Resources had negative cash flow from operations which is expected to be funded by their recent financing. ARSC has minimized cash expenditures through the issuance of stock for services— averaging \$1.26M per quarter (11.056M shares). They had \$58,607 of cash and cash equivalents.

Cash Flow - for the year ended September 30, 2006:

PERIOD ENDING	30-Sep-06	30-Jun-06	31-Mar-06	31-Dec-05
Net Income	(3,409)	(1,248)	(2,803)	(2,957)
Operating Activities, Cash Flows Provided				
By or Used In				
Depreciation	9	5	2	1
Adjustments To Net Income	2,829	572	2,273	2,912
Changes In Accounts Receivables	0	0	0	-
Changes In Liabilities	181	61	114	(24)
Changes In Inventories	-	-	-	-
Changes In Other Operating Activities	-	-	-	(4)
Total Cash Flow From Operating Activities	(390)	(610)	(414)	(71)
Investing Activities, Cash Flows Provided				
By or Used In				
Capital Expenditures	(28)	(101)	(11)	(8)
Investments	-	-	-	-
Other Cashflows from Investing Activities	-	-	-	-
Total Cash Flows From Investing Activities	(28)	(101)	(11)	(8)
Financing Activities, Cash Flows Provided				
By or Used In				
Dividends Paid	-	-	-	-
Sale Purchase of Stock	398	332	825	-
Net Borrowings	36	10	-	-
Other Cash Flows from Financing Activities	-	-	-	-
Total Cash Flows From Financing Activities	434	342	825	-
Effect Of Exchange Rate Changes	-	-	-	-
Change In Cash and Cash Equivalents	\$16	(\$369)	\$401	(\$79)

“Cash flow improvements are anticipated in 12-24 months as the result of 1st time revenues and new financing.”

Our analysis: American Security Resources growth will start with introduction of their 1st product in Q1 of 2007 and subsequent market awareness.

Operations Financials:

ARSC had no revenues for the 9 months ended September 30, 2006 and incurred \$5,813,751 of general and administrative expenses plus \$1,421,632 in research and development costs in its Hydra Fuel Cell subsidiary relating to the development of its HydraStax hydrogen fuel cell for that period. These expenses include \$5,451,540 related to the fair value of stock and warrants and/or options issued for compensation to outside vendors, contractors and certain officers and directors. \$1,127,998 relates to the fair market value of an extension that was granted to certain warrants outstanding.

The net comprehensive loss was \$7,373,232, or \$0.10 per share, and inception-to-date comprehensive loss of \$10,388,436. During June, Hydra Fuel Cells, Inc. procured a \$50,000 line of credit with Bank of America.

PERIOD	30-Sep-06	30-Jun-06	31-Mar-06	31-Dec-05
Total Revenue	-	-	-	-
Cost of Revenue	-	-	-	-
Gross Profit	-	-	-	-
Operating Expenses				
Research Development	716	376	330	-
Selling General and Administrative	2,469	873	2,472	2,957
Non Recurring	-	-	-	-
Others	-	-	-	-
Total Operating Expenses	-	-	-	-
Operating Income or Loss	(3,185)	(1,248)	(2,803)	(2,957)
Income from Continuing Operations				
Total Other Income/Expenses Net	(222)	-	-	-
Earnings Before Interest And Taxes	(3,407)	(1,248)	(2,803)	(2,957)
Interest Expense	2	-	-	-
Income Before Tax	(3,409)	(1,248)	(2,803)	(2,957)
Income Tax Expense	-	-	-	-
Minority Interest	-	-	-	-
Net Income From Continuing Ops	(3,409)	(1,248)	(2,803)	(2,957)
Net Income	(3,409)	(1,248)	(2,803)	(2,957)
Net Income				
Applicable To				
Common Shares	(\$3,409)	(\$1,248)	(\$2,803)	(\$2,957)

“The ARSC transition from a development stage company in Q1 2007 is expected with nominal revenue projections.”

Our analysis: American Security Resources operating position should improve with the commercial production of the HydraStax® 5000 Fuel Cell in early 2007—certification is underway now.

RECENT NEWS. - Highlights of press releases and company news

December 19, 2006 ARSC Retains InnerShare for Shareholder and Stock Trading Analysis

December 14, 2006 ARSC Hydra Unit Completes Production of Prototype Fuel Cells - Commencement of Certification Process is Imminent

October 30, 2006 Funding Increased for ARSC to Ramp Fuel Cell Production and Acquisitions

October 10, 2006 ASR Hydra Unit Proposes 20 Fuel Cell Installations for Columbia, SC Fuel Cell Challenge

October 2, 2006 HYDRA CEO JIM TWEDT NAMED CHAIRMAN. JOINS ARSC BOARD

September 21, 2006 Investor A.T. Merrill Joins Board of Directors of ARSC

September 20, 2006 ARSC Signs LOI to Acquire Breakthrough Wind Turbine Company

September 5, 2006 ASR Commences Commercial Production of HydraStax™ Fuel Cells - Sales Expected to Accelerate During Fourth Quarter

August 25, 2006 ARSC Receives Funding – Will Take Hydra Subsidiary to Cash Flow Positive

August 16, 2006 ARSC Seeks to Extend Alternative Energy Opportunities with Wind Powered Generators

June 28, 2006 ARSC Retains Colebrooke Capital to Structure Acquisitions and Funding

June 13, 2006 ARSC Opens Discussions with Solar Power Company

May 23, 2006 ARSC FILES NEW PATENTS ON ITS HYDRASTAX™ FUEL CELL TECHNOLOGY

April 6, 2006 ARSC Subsidiary Hydra Fuel Cell Joins USC Center for Fuel Cells Industry Advisory Board

March 13, 2006 American Security Resources Corp. Achieves Critical Financial Milestone

February 23, 2006 ARSC Funds Hydra Fuel Cell Certification Through UL and FCC

January 26, 2006 ARSC Hydra Unit Demo's Hydrogen Fuel Cells to Government and Industry

December 8, 2005 ARSC Hydra Unit to Ship Hydrogen Fuel Cells in January

November 1, 2005 ARSC Closes Fuel Cell Acquisition

October 13, 2005 Patent Attorneys Approve ARSC Fuel Cell Acquisition

October 4, 2005 Experts Assist American Security Resources with Due Diligence on Hydrogen Fuel Cell Company

September 27, 2005 ARSC Forms Fuel Cell Marketing Corporation - Worldwide Marketing and Licensing Opportunities Warrant Separate Corporation

September 20, 2005 ARSC Forms Fuel Cell Manufacturing Corporation

September 13, 2005 American Security Resources Forms Fuel Cell Holding Company

September 6, 2005 American Security Resources to Acquire Rights to Patented Fuel Cells

MANAGEMENT

Frank Neukomm, Chairman and CEO

Mr. Neukomm has an extensive background in finance, mergers and acquisitions, and sales and marketing. He has served as a senior executive of brokerage and M & A companies, software companies and telecom companies. He has been instrumental in purchasing or starting companies in industries as diverse as insurance, consumer retail goods, industrial services and wireless telecommunications. He has arranged financing for and served as a director of several public companies.

Robert C. Farr, President and COO

Mr. Farr brings a 34 year diversified business background in operations leadership replete with examples of improved productivity and increased profits. Broad experience with several Fortune 500 Companies includes successes in marketing, customer relations, administration, finance, operations, new products and worldwide vendor selection/purchasing. Recent experience includes securing and structuring funding for both public and private companies including debt and equity as well as international funding through US Ex-IM Bank. Mr. Farr has a BS in Finance from Mississippi State University and was a Naval Officer in the Vietnam conflict.

Randall Newton, CPA – Chief Financial Officer

Mr. Newton is a Certified Public Accountant with over twenty years of supervisory general and financial accounting experience. His experience ranges from companies in the automotive sector to international oil companies. He has both public and private company experience. He holds a BBA from the University of Texas at San Antonio and is a member of the American Institute of CPA's.

Robert J. Wilson, Director & Audit Committee Chairman

Robert Wilson, a Forte Group partner, has joined the company's Board of Directors, effective July 25, 2005. Mr. Wilson brings more than 20 years of industry experience, public accounting, and consulting to the Board. He heads ARSC's Audit Committee. Mr. Wilson is a graduate of the Houston Baptist University, with additional studies at Georgetown University. He is a Certified Public Accountant and serves on the Board of, and as Audit Chairman for, American Enterprise Development Corporation, Board Member of Midas Trade.com and a Consulting Associate with The Professional Directors Institute.

James R. Twedt, Chairman, CEO and President of Hydra Fuel Cell Corp.

Mr. Twedt is a CPA with over forty years of public and private company accounting and management experience. He has been the President and CEO of Hydra Fuel Cell Corp. since inception and has led the subsidiary from startup to production in less than twelve months. He previously served as CFO of Computer Automation Systems, Inc., a predecessor enterprise to American Security Resources Corp.

Alvie T. Merrill, Independent Director

Mr. Merrill is Chairman of Merrill-Zurich Inc., a diversified real estate management and consulting firm. Mr. Merrill is also President of A. T. Merrill Business Consulting which has advised over 200 public and private companies since 1980. Mr. Merrill has extensive public company experience from his consulting activities and is active in numerous civic and charitable organizations in hometown of Lake Jackson, Texas.

Investor Insight
Phil Scott, CFA
Senior Research Analyst

12707 High Bluff Drive
Suite 200
San Diego, CA 92130
Office: (858) 350-4207
Fax: (775) 369-6073
E-mail: pscott@dotyscott.com

Disclosure Statement

At times, Investor Insight accepts fees for the companies it researches (the “covered companies”). The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner, Investor Insight can minimize fees to its subscribers. To ensure complete independence and editorial control over its research, Investor Insight follows certain business practices and compliance procedures. Investor Insight analysts are compensated on a per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to solicit prospective covered companies for research coverage by Investor Insight and are not allowed to accept any fees or other consideration from the companies they cover for Investor Insight. Analysts are also not allowed to trade in the shares, warrants, convertible securities or options of companies they cover for Investor Insight. In addition, Investor Insight, its officers and directors cannot trade in shares, warrants, convertible securities or options of any of the covered companies. Investor Insight accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of covered companies. Investor Insight will not conduct investment banking or other financial advisory, consulting or merchant banking services for the covered companies. Investor Insight is not a brokerage firm and does not trade in securities of any kind. Investor Insight is an operating division of Doty-Scott Enterprises. Investor Insight’s sole business is in providing independent equity research to its institutional and retail subscribers. No representations, express or implied are made by Investor Insight as to the accuracy, completeness or correctness of its research. Opinions and estimates expressed in its research represent Investor Insight’s judgment as of the date of its reports and are subject to change without notice and are provided in good faith and without legal responsibility. Its research is not an offer to sell or a solicitation to buy any securities. The securities discussed may not be eligible for sale in all jurisdictions. Neither Investor Insight nor any person accepts any liability whatsoever for any direct or indirect loss resulting from any use of its research or the information it contains. This report may not be reproduced, distributed or published without the express permission of Investor Insight.

Phil Scott, CFA *Principal*

Twenty years of financial, valuation, corporate advisory, merger and acquisition and restructuring experience.



In addition to his research and valuation work, he currently serves as the interim CFO for two public companies. Mr. Scott is a Chartered Financial Analyst designee. Mr. Scott has also served as the CFO for SurgiCare, Inc., PSX, Inc. and The Camden Group and has led these companies through successful restructuring and equity sales. Mr. Scott has also served as Vice President of Development for Health Care Partners, Ltd. and Heritage Provider Network, Inc., completing numerous acquisitions. He has an MBA (Summa Cum Laude) from the University of San Diego and a BS Degree in Chemical Engineering from California Institute of Technology.