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INDEPENDENT RESEARCH

RESEARCH NOTE

BluePoint Energy Inc.

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Symbol (OTCBB)	CPEU	Fiscal Year Ending: June	EPS	P/E	REVS	PSR
Industry:	Oil, Gas & Energy	Year				
Recent Price:	\$4.49	2005 A	\$-0.09	---	\$1.64	253.0
52-week Price Range:	\$1.20 - \$4.92	2006 A	\$-0.18	---	\$2.86	145.1
Target Price (12 Months):	\$5.00	2007 E	\$-0.09	---	\$4.5	92.2
Avg. Daily Vol. (3 mo.):	40,843	2008 N/A	---	---	---	---
		2009 N/A	---	---	---	---

Balance Sheet Data (mil)	03/31/07	Ownership and Valuation (mil)	Current Rating History
Cash Equivalent:	\$2.6	Shares Outstanding:	92.40
Working Capital:	\$0.9	Inside Ownership:	54.00%
Long-Term Liability:	\$2.0	Institutional Ownership:	0.00%
Shareholder's Equity:	\$-1.2	Equity Market Value:	\$414.9
		Date Assigned:	8/7/2006
		Price at Rating:	\$1.40
		Original Price Target:	\$2.10
		Time Frame:	12 Months

Rating: Strong Speculative Buy

05/20/2007

Chapeau, Inc. d/b/a Blue Point Energy, Inc. Announces Results for March 2007 Third Quarter and Nine Months; Strong Speculative Buy Reiterated

SUMMARY

Blue Point Energy's top line revenue of \$367,896 was slightly lower than our estimate of \$580,000. We expect revenue from the delivery of turnkey energy generation systems to begin to ramp up in the June quarter and to continue to increase in FY6/30/2008. In addition, outright sales of modules should also increase in the June quarter and continue to increase in FY6/30/2008. Our income model for the balance of FY2007 is for total revenue of \$4.4 million and a net loss of \$5.4 million. Considering the share based compensation of \$5.9 million in the three months ended 3/31/2007, we are now increasing the net loss for FY6/30/2007 to \$20.0 million, or \$(0.50) per share on estimated 40,000,000 weighted-average common shares outstanding. We continue to estimate total revenue for the six months ended 12/31/2007 at approximately \$59.0 million. Estimated net income for the six-month period ended 12/31/2007 is approximately \$9.0 million. Fully diluted income per share on weighted-average basic common shares and common equivalent shares of 92,409,738 is \$0.12 per share.

BluePoint has made great progress in cleaning up its balance sheet by eliminating over \$10.0 million in convertible debt. Consequently, the common stock outstanding increased to over 54.0 million shares, and we expect increase to approximately 92.0 million by the exercise of options. Blue Point's common stock has been trading in the \$3.20 to \$4.50 per share range on moderate volume since the beginning of April 2007, and we are maintaining our Strong Speculative Buy Rating and the \$5.00 price target.

SELECTED INFORMATION FROM BLUE POINTENERGY'S SEC-10-QSB FILING

Operating Information for three months ended 3/31/07, compared with three months ended 3/31/06

---Total revenue for the three months ended 3/31/07 was \$367,896, compared with \$286,067 for the three months ended 3/31/06.

---Total cost of revenue for the three months ended 3/31/07 was \$252,280, compared with \$175,798 for the three months ended 3/31/06.

---Selling, general and administrative expenses for the three months ended 3/31/07 was \$1.5 million, compared with \$703,639 for the three months ended 3/31/06.

---Research and development expenses for the three months ended 3/31/07 was \$368,229, compared with \$295,525 for the three months ended 3/31/06.

---Share based compensation* for the three months ended 3/31/07 was \$5.9 million, compared with \$7,796 for the three months ended 3/31/06.

---Total expenses for the three months ended 3/31/07 was \$7.7 million, compared with \$1.0 million for the three months ended 3/31/06.

---Loss from operations for the three months ended 3/31/07 was \$7.5 million, compared with \$896,701 for the three months ended 3/31/06.

---Other expense (including \$604,908 expense for convertible debt and debt issue costs) for the three months ended 3/31/07 was \$738,775, compared with \$241,775 (including \$53,818 expense for convertible debt and debt issue costs) for the three months ended 3/31/06.

---Net loss for the three months ended 3/31/07 was \$8.3 million, compared with \$1.1 million for the three months ended 3/31/06.

---Basic and diluted loss per common share for the three months ended 3/31/07 was \$(0.23) on 36,912,294 weighted-average common shares outstanding, compared with \$(0.04) on 26,067,975 weighted-average common shares outstanding for the three months ended 3/31/06.

Operating Information for nine months ended 3/31/07, compared with nine months ended 3/31/06

---Total revenue for the nine months ended 3/31/07 was \$989,679, compared with \$299,502 for the nine months ended 3/31/06.

---Total cost of revenue for the nine months ended 3/31/07 was \$627,954, compared with \$186,628 for the nine months ended 3/31/06.

---Selling, general and administrative expenses for the nine months ended 3/31/07 was \$3.9 million, compared with \$1.8 million for the nine months ended 3/31/06.

---Research and development expenses for the nine months ended 3/31/07 was \$1.1 million, compared with \$558,363 for the nine months ended 3/31/06.

---Share based compensation* for the nine months ended 3/31/07 was \$6.3 million, compared with \$352,860 for the nine months ended 3/31/06.

---Total expenses for the nine months ended 3/31/07 was \$11.5 million, compared with \$2.6 million for the nine months ended 3/31/06.

---Loss from operations for the nine months ended 3/31/07 was \$11.0 million, compared with \$2.6 for the nine months ended 3/31/06.

---Other expense (including \$743,154 expense for convertible debt and debt issue costs and inducement expenses of \$1.5 million relating to conversion of convertible debt to common stock) for the nine months ended 3/31/07 was \$1.5 million, compared with \$652,712 (including \$151,904 expense for convertible debt and debt issue costs) for the nine months ended 3/31/06.

---Net loss for the nine months ended 3/31/07 was \$14.0 million, compared with \$3.2 million for the nine months ended 3/31/06.

---Basic and diluted loss per common share for the nine months ended 3/31/07 was \$(0.47) on 29,719,515 weighted-average common shares outstanding, compared with \$(0.12) on 26,023,206 weighted-average common shares outstanding for the nine months ended 3/31/06.

Balance Sheet Data as of March 31, 2007, compared with June 30, 2006

---Cash as of March 31, 2007, was \$2.6 million, compared with \$1.8 million (including restricted cash of \$600,000) as of June 30, 2006.

---Inventory as of March 31, 2007, was \$1.7 million, compared with \$1.0 million as of June 30, 2006.

---Current assets as of March 31, 2007, were \$4.9 million, compared with \$2.9 million as of June 30, 2006.

---Total assets as of March 31, 2007, were \$5.6 million, compared with \$3.8 million as of June 30, 2006.

---Total current liabilities as of March 31, 2007, were \$5.6 million, compared with \$3.8 million as of June 30, 2006.

---Working capital as of March 31, 2007, was \$88,000, compared with a negative \$2.6 million as of June 30, 2006.

---Long-term liabilities as of March 31, 2007, were \$2.0 million, compared with \$8.0 million as of June 30, 2006.

---Stockholder's deficit as of March 31, 2007, was \$1.2 million, compared with \$9.9 million as of June 30, 2006.

*Note: In both the three-months and nine months ended March 31, 2007, there is a charge for share-based compensation in the amounts of \$5,857,823 and \$6,342,165, respectively. During the three months and the nine months ended March 31, 2007, options were granted to certain employees and independent contractors to purchase 2,730,000 and 4,650,000 shares of common stock, respectively. Under current accounting standards, share-based compensation is charged to the statement of operations over the related service period (usually the vesting period). Of the share-based compensation recorded, \$5,496,000 relates to the grant of options to purchase a total of included in these are options granted to their Chief Executive Officer and the Chief Financial Officer to purchase 1,000,000 and 500,000 shares of common stock, respectively. Each option has a term of ten years, has an exercise price of \$1.49 per share, and was fully vested on the grant date. The options were made pursuant to directives by BluePoint's Compensation Committee during the quarter ended March 31, 2007 in connection with executive management compensation. These options vested immediately and all share-based compensation related to the options was expensed during the quarter.

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