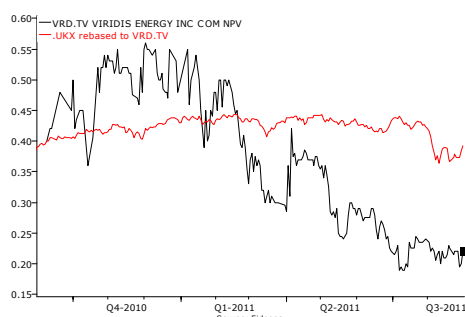


**Viridis Energy Inc. 18c.**  
Possible Acquisition and New Transport Contract – Very Positive Developments

4 January 2012



**12m High:** 55c

**12m Low:** 18c

**Market Cap:** CAN\$7m

**Shares in Issue:** 41.28m ordinary shares  
Plus 35m out-of-the-money options,  
warrants and convertibles.

**NAV/Share:** 17c/share inc intangibles.

3c/share excluding intangibles

**Gearing:** 106% including intangibles/goodwill

**Interest Cover:** n.a.

**EPIC Code:** TSX: VRD.V / VRD.TV

**Sector:** Forest Products

**Market:** Toronto TSX Venture Exchange (move to Main Board planned). Also OTC QX. A European market quote is likely shortly.

**Broker:** To be Announced

**IR Agent:** Grannus Financial Advisors, 001 212 681 4108

**PR:** -

**Website:** www.viridisenergy.ca

**Description:** Manufacturer and distributor of carbon neutral wood pellets for domestic heating and commercial power generation.

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**Email:** research@hardmanandco.com

Canadian wood pellet producer Viridis Energy has announced its intention to purchase a wood pellet mill in Nova Scotia that could treble its operating capacity and give it much needed economies of scale.

The mill is the former MacTara Lumber Mill in Upper Musquodoboit, approximately 100km from the Atlantic port of Halifax. It consists of 20 buildings on 4 properties with a total of 157 acres, and a separate 22 acre wood lot. The wood pellet mill houses 5 presses and has a capacity of approximately 110,000 tonnes/yr.

The business had previously been purchased by a German organisation and renamed Eligna Canada. It placed itself in voluntary receivership in early August 2011 and ceased production. The business had previously received \$2.7m in loans from the province of Nova Scotia. 50 people had been employed at the facility.

The transaction needs court approval before it can go ahead. This will be applied for during January.

The financial terms of the proposed transaction have not yet been announced.

We understand that Eligna had been selling its wood pellets into the European market at low prices, and had contracts priced in Euros while its costs were in the Canadian Dollar. The Canadian Dollar has been rising in value against the Euro for several years now.

If this transaction goes ahead, it will make a considerable difference to the short term outlook for Viridis Energy. We will issue a new research note and adjust our earnings estimates as soon as we have more details on the terms of the deal and the method by which Viridis proposes to finance both the purchase and the costs of getting the plant up and running again.

Viridis has also announced a new cost-saving bulk transport rail contract to move pellets from the West Coast of Canada to NE USA. Viridis Energy has two big requirements, to get scale-up and to get costs down (it has more orders than it can meet and it also has decent sales revenues even with just one plant operating). The recent announcements tackle both issues.

*We view both items of news as very positive developments for Viridis Energy.*

Y/E	Sale	Declared Pre-tax Profit	Adjusted Pre-tax Profit	Undiluted EPS	P/E	Divi	Yield
Dec	CAN\$ m	CAN\$m	CAN\$m	c.	X	c.	%
<b>2009A</b>	0					-	-
<b>2010E</b>	7.81	-0.1	-2.9	-14.1	-	-	-
<b>2011E</b>	12.0	-4.6	-4.6	-13.3	-	-	-
<b>2012E</b>	15.4	-1.8	-1.8	-4.3	-	-	-

*Estimates are pre-acquisition*

Viridis Energy Inc.

4 January 2012

Management	Major Shareholders								
<p><b>Chairman: John Campbell.</b> He is also CEO of First Star Resources.</p> <p><b>Chief Executive Officer:</b> Chris Robertson, founder of Cypress Pacific Marketing, the largest subsidiary of Viridis Energy. Previously an executive with Forest City, a NYSE listed company.</p> <p><b>Chief Financial Officer:</b> Michele Rebiere. 18 years senior management experience. Studied finance at Wharton.</p> <p><b>Vice President of Operations:</b> Geordie Munro, part of the Cypress Pacific management team for five years.</p> <p><b>Export Manager:</b> Bob Wood, part of Cypress Pacific management team.</p> <p><b>Non-Executive Directors:</b></p> <p><b>John Heimbecker,</b> Vice President of Parrish &amp; Heimbecker, an agricultural company with \$1.7bn of sales. Also chairman of Canada Ports Clearing Association.</p> <p><b>Alphonse Plaktis,</b> Principal of Soho Ventures Inc.</p> <p><b>Vivek Rastogi,</b> Vice-President of Abellon CleanEnergy</p>	<table border="0"> <tr> <td><b>Cornwall Investments llc of New Jersey</b></td> <td>18%</td> </tr> <tr> <td><b>Abellon CleanEnergy</b></td> <td>10%</td> </tr> <tr> <td><b>NextView Capital of Chicago</b></td> <td>6%</td> </tr> <tr> <td><b>Insider Shareholdings:</b></td> <td>17%</td> </tr> </table>	<b>Cornwall Investments llc of New Jersey</b>	18%	<b>Abellon CleanEnergy</b>	10%	<b>NextView Capital of Chicago</b>	6%	<b>Insider Shareholdings:</b>	17%
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Key Dates	Key Milestones								
<p><b>March 2012:</b> Full Year Results Announcement</p>	<p><b>June 2009:</b> Sale of Grid Sense Systems, its previous business leaving a clean shell. Change of name to Viridis Energy.</p> <p><b>March 8 2010:</b> Acquisition of Cypress Pacific Marketing, a wood pellet distribution company.</p> <p><b>April 30, 2010:</b> Acquisition of Okanagan Pellet Company (known at the time as Westwood Fibre Products), a wood pellet producer in BC.</p> <p><b>February 2011:</b> Strategic switch of emphasis from seasonal domestic business to international commercial and residential contracts.</p> <p><b>April 2011:</b> Letter of Intent signed with Heracles International to supply oil palm biomass from Malaysia to China and other Asian countries.</p> <p><b>August 2011:</b> Closure of equity fundraising, doubling share capital.</p>								

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