

Green Gas Connect

September 2011



Message from CEO

With many of our readers fresh back from their main annual vacation, this issue of Connect takes a fresh look at some of the varied and exciting projects we have underway at Green Gas.

The past few months have seen the return of instability to global financial markets, with concerns about the US budget deficit, worries about near-term growth prospects for the Chinese economy, speculation about the future of the Euro and the de-facto default of Greece all figuring as reasons for market jitters.

Against such a macroeconomic background, Green Gas has restructured its capital base with the help of shareholders and has also adjusted its operating base to ensure we use our resources prudently. As a result, several steps have been taken to trim the company's cost base including the closure of the office in Richmond-upon-Thames in the UK, by the end of 2011.

Turning to our business development and specifically the area of landfill gas, since the last issue of Connect in January 2011, Green Gas Americas has been busy progressing landfill gas management projects in Colombia and Mexico. We have also begun landfill gas flaring at El Guacal in Colombia and coal mine gas flaring at the Sukhodil'ska Skhidna mine in the Ukraine.

Elsewhere, in the Czech Republic, we commissioned the Jan-Karel 2 cogeneration (CHP) plant at the Karviná coal mine. This is Green Gas DPB's 22nd CHP unit and brings its overall installed electricity generating capacity to 28.4 MW. More information about these and other stories can be found later on in this issue of Connect.

In little over five years, Green Gas has grown into a business of almost 500 employees. Our continued success reflects the skill and dedication of our people. Within Green Gas our team includes many and diverse talents – we take a closer look at two team members at the end of this newsletter.

Finally, as announced in July, I will shortly be leaving Green Gas. Over the next four months I will be helping with the process of finding a new CEO. It's been an enormously challenging and fulfilling time for me to see Green Gas grow from being a concept to a profitable and award winning business. Whilst I will remain engaged as a Non-executive Director and shareholder of Green Gas International, the time has come to hand over to a new CEO to lead the company onto its next stage of development.

I'd like to use this opportunity to thank colleagues for all their support over the past years and wish the company, colleagues and Connect readers continued success in the quest to 'Capture the Energy'.

Chris Norval
Chairman & CEO

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EL Guacal demonstrates healthy potential

By Reyno Norval

After a month of gritty determination by project manager Miguel Delgado and his Colombian team, El Guacal has been successfully commissioned. The team dodged all that Colombia could throw at them and a lot of credit must go to Miguel for his commitment to making this happen successfully. Getting a truck large enough to carry a flare out of customs, through the narrow, winding, country roads of North West Colombia to an altitude of 2,700 metres is not easy, but was duly managed by the team. The team worked late into the night (see photos) in order to successfully finish the work on time. It's all worth it, however, as the project should be producing



Green Gas team worked long days to deliver project on time

approximately 170,000 Certificated Emission Reductions (CERs) a year. It is expected that over the 21 year life of the project, it will eliminate the equivalent of 3,500,000 tonnes of CO₂. This provides a vast benefit to the environment, the local community and Green Gas as well. Even though the landfill is not quite ready for Green Gas to produce maximum gas, the flare is up and running and we are expecting everything to fall into place by the end of the year. The project design document was submitted in September 2010, the project was registered in February 2011 and commercial operation began in March 2011. This timeline acknowledges how far our experience in delivering these projects has progressed and how we have learnt from every project completed. This is our second successfully completed project in Colombia and builds on our success in Latin America.



The flare unit ready to start operating

Interaseo SA ESP opportunity

By Reyno Norval

Green Gas Americas is in the final stages of negotiations with INTERASEO SA ESP, a private waste management entity and owner and/or operator of several landfills in Colombia, to sign an agreement to develop four landfill gas projects. Green Gas intends to develop all the projects under the UNFCCC Clean Development Mechanism (CDM) regulations. Green Gas will reimburse Interaseo via a percentage of these CER's. Green Gas will contribute the investment, development and operation of the project. The daily O&M activities will be discussed with the Landfill operator group, in order to avoid interruptions of the CDM project implementation and waste disposal. Interaseo will contribute to the LFG utilization rights, the landfill waste and the already existing infrastructure for the passive wells. This provides another opportunity to significantly expand our portfolio in Latin America and our relationship with one of the largest waste management companies in Colombia.

La Glorita landfill, Pareira

By Reyno Norval

In addition to the other project opportunities in Colombia, mentioned elsewhere in this issue of Connect, Green Gas Americas is also in final stage negotiations with INTERASEO SA ESP, the waste management company, on a joint-venture agreement for the Pareira Landfill in Colombia. The company is already in the process of developing a project with Interaseo for the city of Cali – the El Guabal Landfill Gas Project. The intention for Pareira will be to start with a flaring project and then, if economically feasible, to enable the generation of electricity. The project will be executed through an un-incorporated joint-venture between Green Gas and Interaseo, similar to the Cali project. The commercial structure and terms & conditions will also be similar to the Cali project. This project is a good opportunity to further increase our portfolio and enhance our presence in Colombia. Green Gas will utilise Green Gas Yotoco as the project company to improve time efficiency and cost.

Jan-Karel 2 A new cogeneration unit

By Antonin Kunz

It was back in November 2010 that construction began of a second cogeneration unit (CHP) at the ČSA plant of the working Karviná coal mine. This is the 22nd CHP unit for Green Gas DPB. Regular operation of the plant commenced on 8 January 2011, following successful completion of a program of comprehensive tests.

The Jan-Karel 2 CHP plant is the next in a series of standardised and operationally-proven units, with a power output of 1.6 MW. The operation of this new CHP plant means that the overall installed electricity generating capacity of Green Gas DPB's portfolio has now reached 28.4 MW. Gas used for operating the CHP plant is supplied from working OKD coal mines, and is delivered via DPB's central gas pipeline. Up to 1 September 2011, 8,154 MWh of electricity has been produced and delivered to the local distribution grid operated by Dalkia Industry CZ, and 2,020,000 m³ of gas has been consumed.

At present, Green Gas DPB is preparing a project to transfer the heat from the two CHP plants to the Dalkia ČR's grid, the main heat supplier of the Karviná mine. In order to do that, Green Gas DPB intends to build a new 50 metre long heat pipeline, to link the currently unused heat pipeline (430

metres long) that has been rented from the Karviná mine especially for this purpose. The energy supplies are expected to start at the beginning of the heating season this year, and the total volume is expected to reach up to 44,000 GJ annually.

The electrical power supply to the local distribution grid of Dalkia Industry CZ, and heat supplies to the grid of Dalkia ČR, are good examples of the mutually advantageous cooperation between companies of the Dalkia Group and Green Gas DPB, a.s.



The 22nd CHP unit installed by Green Gas DPB

Flare heralds Ukrainian opportunity

By Iain Goldsmith

Commissioning of a flare at Sukhodil'ska Skhidna Mine was finally completed at the end of January 2011 and is our first project in the Ukraine to become fully operational. Along the way, the severe cold of the Ukrainian winter presented some very tough early challenges but these, with the help of our engineering colleagues in Germany, were overcome and the first 1,000 tonnes of methane from the mine was flared by March. More recently, on 10 June 2011, we received our full operating license for the flare.

The Green Gas site management team, headed by Yaroslav Okhremenko, has developed a close working relationship with the mine management and staff for whom methane destruction technology is a wholly new experience. Much has been achieved in just a few short months of operation. A number of new initiatives and areas of cooperation have been identified, where Green Gas's expertise can add value to the day-to-day operation of the Sukhodil'ska Skhidna mine and other mines within the Krasnodonugol Group of mines. These include the improvement to mine systems, practices and procedures. The resulting benefits to the mine come from improved safety and coal production.

A number of other opportunities for growth of the business in Ukraine are in the pipeline. Gas drainage from abandoned mines and the utilisation of steel plant coke oven gas are also being worked upon by the team. The local team under the direction of MD Bob Shekleton foresees a bright future for GGI in the Ukraine.



Iain Goldsmith, Elena Ostrovskaya and Oksana Kovalenko have worked the Donetsk office for the last two years. Green Gas Ukraine has now completed its first project and is now preparing the way for the second phase which will include the installation of three CHP's.



Our site operators Galina Yuryeva and Vyacheslav Sobov performing some tests on site

Christopher Pavel

*Director of Production Unit
Germany and Director of Minegas*



You are both a Director of the Production Unit in Germany and of Minegas. What do your roles involve?

As a Director of Minegas, I am responsible for representing Green Gas' interests on the board of Minegas GmbH. My role involves the strategic planning of the company and moves to increase the company's profitability. As Director of the Production Unit in Germany, I am responsible for the activities of Green Gas in Germany and Western Europe. This involves management of the unit's day-to-day operations and making sure that the Group's long-term objectives are implemented and delivered according to plan.

Who is Christopher Pavel?

I grew up in Belgium, Switzerland and Germany and have also lived in various places around the world, such as: Chicago, USA; Milan, Italy; Paris, France and Beijing, China. Coming from an international background, living and working in an international environment has always been important to me. Having studied International Business Administration, I began my career with the Swedish engineering company SKF before moving to the German steel and plant construction company SMS Demag AG, in Düsseldorf, and subsequently joining Green Gas Germany. I am an open and communicative person and have always enjoyed getting to know people from other cultures.

How long have you been with Green Gas and what do you like about working there?

This is my fourth year at Green Gas, since joining in 2008. I enjoy the

international working environment, the entrepreneurial spirit, the autonomy of work, and the possibility to put your own ideas into practice, and implement the necessary changes to help the company grow further.

What do you see as being your greatest achievement since joining Green Gas and why?

The greatest achievement was the restructuring of Minegas GmbH, which led to better cost management and a more profitable organisation. Another big achievement was enhancing the business portfolio and ending loss-making contracts within Green Gas Germany.

What are your priorities over the next 12 months?

The main priority is to develop and establish a successful service concept for Minegas, and to generate and use synergies with the German and Czech Operation Control Centres.

Where were you before Green Gas and what attracted you to Green Gas?

Before Green Gas I worked as a Commercial Project Manager at SMS Demag AG, in Düsseldorf. There I was responsible for the company's final commercial negotiations for its contracts in China, and coordinating the Chinese projects at an internal and external level. I was attracted to Green Gas given its position as a young, dynamic and fast growing company and the opportunity to work in the renewable energy sector. I believe that the renewable energy sector will play a leading role in most markets throughout the world and will grow in importance significantly over the next years.

What are your interests outside the company?

I enjoy spending time with my fiancée, meeting friends and travelling. I also like inline-skating, snowboarding and occasionally play golf. Furthermore, I have a passion for classic cars.

Olga Bezhentseva

*Director Green Gas International (UK) Ltd
and Manager Risk and Compliance*



What does your role at Green Gas involve?

A key function that I perform is as the Group's Manager of Risk and Compliance. This includes: the corporate governance of Green Gas entities worldwide; contract management; tax structuring; risk assessment and its mitigation through various means including the development and optimisation of the Group's insurance portfolio.

How long have you been with Green Gas and what do you like about working there?

I can call myself a Green Gas veteran. I joined the company in 2006, when it was in the start-up phase, actively increasing its pace, searching for the appropriate market niche. I like working for Green Gas because of its dynamic, multicultural but at the same time challenging environment, which also makes the world around us Greener.

What are you currently working on?

I am focusing on the delivery of the projects we have won, to the satisfaction of our customers. This provides a sound basis for repeat business. In addition, my focus is on the growth of sales worldwide; we are currently working on building business in the Palm Oil Mill Effluent sector in Malaysia and Indonesia. For the manufacture and assembly of our equipment in the Asian market, we are in the process of setting up local manufacturing in co-operation with a local partner. Finally we are setting up a service and maintenance organisation for Hofstetter

equipment in Asia and in Colombia, in co-operation with our local Green Gas colleagues.

What do you see as being your greatest/recent achievement since joining Green Gas and why?

Among my recent achievements, I would consider the implementation of an electronic contract management system, based on SharePoint, and the restructuring of our insurance portfolio with the global broker AON. With the help of the contract management system, Green Gas can keep its contractual and compliance records in order, efficiently manage contracts, as well as receive notification about rights and obligations under our contracts.

What are your priorities over the next 12 months?

My priorities are to train key users for our contract management system; to develop an efficient risk management framework and to facilitate the optimal corporate tax structure.

Where were you before joining Green Gas and what attracted you to the company?

Before Green Gas, I worked for Sberbank and also an oil and gas company in Russia. In 2005, I came to the UK to do an MBA, which I successfully completed a year after arriving. Green Gas provided me with an exciting opportunity to utilise my knowledge and experience in corporate finance, business development and some legal aspects of business development and administration.

What are your interests outside the company?

I like spending time with my family and enjoy travelling, cycling, going to the theatre and doing a bit of gardening in the summer.