

Green Gas Connect

January 2011



Happy New Year!

Welcome to the first issue of Green Gas Connect in 2011!

At this time of the year it is customary to think about personal resolutions and aspirations for the year ahead. We have been going through the same process at Green Gas. During October, the Exco reviewed the strategy and structure of the Group which resulted in the announcement on 29 October of important management changes. These changes are intended to allow us to focus on our core markets and to more closely match the talents of our

people to the job at hand. We welcome Ronald van der Vlist to the Exco and wish every Exco member and their teams well in focusing on the task ahead.

Green Gas works in a dynamic and ever changing industry which requires a continual review and adjustment to our mode and focus of operations. The key strategic focus of Green Gas remains to grow in our core markets by building or acquiring profitable green energy projects. In parallel we have to continue to run our operating businesses at a maximum potential throughput.

Last year, most of the world continued to labour under the effects of one of the worst recessions in living memory. While Green Gas has not been immune from this, we have continued to focus on growth and development. DPB, Minegas and Pioneer put in very good operational performances and we have continued to make progress on many fronts:

- Green Gas DPB commissioned a further xxMW of power generation capacity at (location?) and flaring began at the Sukhodolskaya mine of Krasnodonugol in Ukraine end November 2010
- Construction began on the El Guacal landfill project in Medellin, Colombia with the first concrete poured on 5 January 2011. From signature of agreement to commissioning is expected to take around 14 months
- We signed up new projects at the El Guabal Landfill, Cali, Colombia; with PASA to develop a landfill gas to energy project in Mexico and Green Gas won a contract to support the United States Environmental Protection Agency's (EPA) Landfill Methane Outreach Programme (LMOP).

Our performance as a Group was recognised by the judges of the prestigious energy industry 'Oscars', the 2010 Platts Global Energy Awards. At an event in New York, held last month, Green Gas International picked up the 'Rising Star' award in the Operational Excellence category. I was proud to accept this award on behalf of all the people working to make Green Gas a success.

December 2010 saw the UN Climate Change Conference (UNFCCC) take place in Cancun, Mexico. Although talked down significantly, some important steps forward were taken, including a strengthening of the Kyoto Protocol's Clean Development Mechanism (CDM) to encourage sustainable emission reduction projects in the developing world. It was also agreed to help developing countries access low carbon technology and adapt to climate change. Raj Kumar looks at what emerged from Cancun and its implications for Green Gas.

We expect that 2011 will again be a tough year as the world economy struggles to get back on an even keel. Your continuing support and dedication will make the difference to achieving our goals.

Finally, I should like to wish all Green Gas people and Connect readers a very happy, healthy and successful 2011.



Chris Norval
Chairman & CEO

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Green Gas – The Rising Star

By Maria Esposito

On 2 December 2010, colleagues were in New York City to attend the 12th Annual Platts Global Energy Awards, and Green Gas picked up the coveted 'Rising Star' Award. Collecting the award on our behalf, CEO Chris Norval said: *'It's only five years ago that we started out, so it means a huge amount to be honoured with this international award, in the face of strong competition. This award is also recognition, from a distinguished international panel of judges, of the enormous dedication and hard work of the whole team at Green Gas and the continuing support of our shareholders.'*

The people at Platts also seemed very impressed, noting that our: *'Track record of steady profitable innovation in climate and environment-friendly energy production set it apart from other entries. Securing a 2006-2009 three-year compound growth rate of 354%, while simultaneously expanding its project portfolio to 50 in nine countries and reducing its greenhouse gas emissions by more than three million tonnes of CO₂ equivalent annually, was seen by judges as no easy feat.'*

The Platts 'Rising Star Award' recognises the achievements of either start-up or existing businesses that have moved into a new field. Judging



criteria such as strategic vision; financial results – especially growth; operational excellence; innovation and peer recognition are used to determine the winner. Platts notes that: *'Elbowing into a new space...takes guts, flawless execution, brilliant marketing and a tremendous organisational ability to learn fast.'*

Competition for this year's 'Rising Star' award was fierce and shortlisted companies from around the world included; Alter NRG Corp; ARMZ Uranium Holding Co.; CoaLogix; Element Markets LLC; Enviromental Power Systems; Nodal Exchange; OPOWER; OTC Global Holdings; Pricelock Inc; Stream Energy; Viridity Energy.

For those not already in the know, Platts is the world's leading energy and metals information provider, which also organises the energy industry's most prestigious annual awards programme. The Platts Global Energy Awards recognise those that have transcended the status quo in the name of excellence in leadership, innovation and performance. Many refer to them as the Energy Industry 'Oscars'.

This latest accolade is the second time Green Gas has been successful at major industry awards in as many years. In 2009, we were awarded the Cleantech Connect awards for 'Best Execution' and 'Best Management'. These awards are a sign that while we certainly have a journey ahead, to fulfill our strategic vision 'to become a leading global clean energy and climate change mitigation company', we have already made a great start.

From left to right:
 Dan Tanz, VP and Global Head of Editorial for Platts;
 Chris Norval, CEO Green Gas International;
 Amanda Drury, CNBC News Anchor;
 Mark Fronmuller, VP and Director of the Global Energy Practice at SAIC



Green Gas DPB manager receives medal for mining development work

By Milan Stonis

This year's celebration of the Feast of St. Barbara, the mining profession's patroness, saw Green Gas DPB's Josef Holecko awarded the Georgius Agricola Medal in recognition of his work on mining development. Josef Holecko, who is Manager of the Geomechanics and Geophysics Department of Green Gas DPB, received the medal from Ivo Pegrimek, the Chairman of the Czech Mining Authority.

The Georgius Agricola Medal is awarded in recognition of outstanding work in the field of mining development. Employees from organisations that are supervised or inspected by the Czech State Mining Administration are eligible to receive the medal. Mr Holecko was awarded this medal, in particular, for his contribution to the advancement of mining safety in mines endangered by rock bursts.

Since the late 1970s, Mr Holecko has been focused on the development and practical application of seismic methods towards rock-burst prevention. The findings of his scientific work, which are at present used on a daily basis

in all the rock-burst mines of the Ostrava-Karviná Coal Basin, are of benefit not only to the Czech mining industry but also the broader international mining and geo-mechanical community.

We are all extremely grateful to Josef Holecko for his important scientific work, and for further strengthening the reputation of Green Gas DPB. It is only fitting, therefore, that his work and achievements have now been recognised by the award of the prestigious Georgius Agricola Medal.

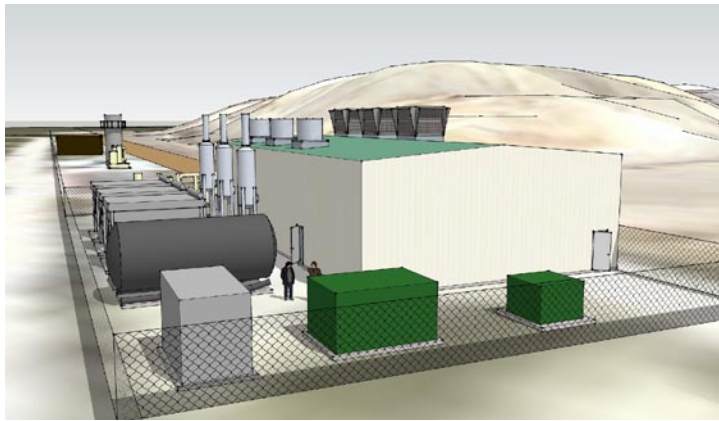


From left: Mr Josef Holecko and Mr Ivo Pegrimek, the Chairman of the Czech Mining Authority

Green Gas signs term sheet with PASA

By Duncan Cox

On 12 October, 2010 Green Gas Americas signed a term sheet with Promotora Ambiental SAB de CV (PASA), for the development of the El Verde Power Generation Project which is located at the El Verde landfill in Leon, Mexico. A joint venture company to be called El Verde Power Generation Company will be formed between Green Gas, PASA and the Municipality of Leon. Green Gas will be the majority and managing shareholder; developing, building and operating the project; PASA will provide the landfill gas through a series of wells and gas distribution systems and the Municipality will be the off-taker of the electricity. The project will initially consist of three Caterpillar 3,520 machines producing 4.8 MW of electricity and will potentially double in size to almost 10MW over the next 10 years. These types of projects are not prevalent in Mexico and the biggest challenge will be to finalise the Power Purchase Agreement (PPA). Once this is accomplished, the project will be completed very quickly. PASA has been in operation since 1991 and is the leading company in

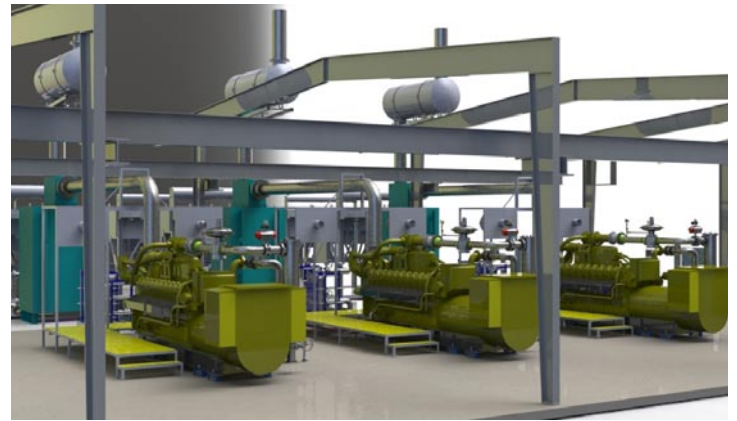


the Mexican environmental services market. It is active in waste management in 50 of Mexico's cities, has over 5,000 employees, 2,049 collection trucks, 27 landfills and deposits approximately 3.5 million tonnes of waste annually in its landfills.

The Leon site is its largest landfill and the power generation project at this site has a very high profile, not only in PASA but also in the municipality and the state government. In addition to the Leon project we are continuing to develop a partnership with PASA where we would hope to replicate this project over as many of their other landfills as possible.

This will be the second contract in Mexico in which Green Gas has been successful. The first being the Atotonilco Waste Water Treatment Project, where we have started providing design services to the power generation portion of the project.

*Left: Electric Isometric – Artist's impression of landfill gas electricity generation plant
Right: Solidworks Rendering – Artist's impression of electricity generation equipment plant room.*



Cancun 2010

By Raj Kumar

Saturday 11 December 2010 saw the UN Climate Change Conference in Cancún, Mexico draw to a positive conclusion. A balanced package of decisions was adopted that will ensure that all governments are more firmly committed to a low-emissions future. Significantly, steps were taken to support enhanced action on climate change in the developing world.

The Cancún Agreement, as it has become known, decided upon peak emission levels and to restrict any global warming to within a two degree centigrade target. It was agreed to combine details of action taken to tackle climate change by both developed and developing countries into the UN system, following commitments made at the UN Framework Convention on Climate Change (UNFCCC) meeting in Copenhagen in 2009. This is expected to help with the assessment of such measures. At Cancún it was also agreed to place more emphasis than before on adaptation to climate change effects, a key demand of African countries, small island states and less developed countries.

The Cancún meeting agreed to adopt a system to enable monitoring of how countries are living up to their promises on emission reductions. Industrialized countries will have their actions to reduce their greenhouse gas (GHG) emissions subject to measurement, reporting and verification (MRV) by developing countries. Meanwhile emerging economies, such

as India and China will only have their GHG emission mitigation actions subject to international consultation and analysis. Their MRV activities will be a domestic matter.

Industrialised country targets are now officially recognised under the multilateral process. These countries are to create low-carbon development strategies and plans and assess how best to meet them. This will include the use of market mechanisms and annual reporting of their inventories. The multilateral process will also recognise developing country actions to reduce emissions. A registry is to be set up to record and match developing country mitigation actions to finance technology support from industrialised nations. Developing countries will also be required to publish progress reports every two years.

On the often contentious issue of finance, Industrialised countries agreed to provide a total of USD 30 billion in fast start finance, to support climate action in the developing world up to 2012, when the Kyoto Protocol's commitment period ends. However, beyond that date there were no commitments. The decisions also noted the intention to raise USD 100 billion in long-term funds by 2020.

On the sensitive issue of deforestation, Governments agreed to slow, halt and then reverse the wholesale destruction of trees in developing countries. They also agreed to boost action to curb emissions from deforestation and rules to ensure compliance and ongoing monitoring of progress.

The texts contain many elements of relevance to the private sector, including the call for low carbon development strategies. Reporting on emissions, actions to reduce emissions and efforts to raise finance will be intensified. The decision under the Kyoto Protocol states that the project-based mechanisms under the Protocol should continue to be available as the means to meet emission reduction objectives, which should increase confidence in the carbon markets. Private sector and other observers are invited to provide views alongside Parties on the design of market-based mechanisms under the Convention by 21 February 2011.

Overall, the Cancún Agreement contains good news for Green Gas. The Kyoto Protocol's Clean Development Mechanism (CDM) has been strengthened, to encourage more investment into environmentally sound and sustainable emission reduction projects in the developing world. This will encourage the type of CDM projects we are already working on at the El Guacal & El Guabal landfill gas CDM project in Colombia. At the meeting it was also agreed that mechanisms be established to help developing countries access low carbon technology, and adapt to climate change. Again, this should be of benefit to us.

Another outcome that should favour companies like Green Gas, was the decision to start the Green Climate Fund. This also helps developing countries establish projects that reduce greenhouse gas emissions. It will provide a long-term source of finance to help developing countries to adapt towards becoming low carbon economies and to respond better to climatic impacts. The Green Climate Fund will have a Board comprising equal representation from developed and developing countries.

The next conference of the 194 parties to the UNFCCC will be held in South Africa from 28 November to 9 December 2011. By this time, Green Gas should already be feeling the benefits of Cancún 2010.

Green light in Ukraine

By Bob Shekleton

It has been an eventful year for Green Gas in the Ukraine. The summer of 2009 saw our office in Donetsk open for business in the Akula Business Centre and the formation of the Ukrainian subsidiary, Green Gas Krasnodon.

The first major contract was signed on 16 December 2009 with 'Krasnodonugol', a coal mining subsidiary of the Ukrainian 'Metinvest' group of companies, for a project at the Sukhodil'ska Skhidna Mine, close to the eastern Ukrainian town of Krasnodon. This project involves a mine gas flare followed by electricity generation from three gas fueled generator sets, to produce 4.8 mega watts of electricity by the end of 2012.

The day of the signing was not without its challenges, not least because of the weather, with the heaviest snow storms on record falling on 16 and 17 December 2009. Roads, railways and airports were all closed due to the severity of the blizzards.

Detailed design of the first phase of the project started in earnest early in 2010, with the appointment of a local design institute who would take the design from the Krefeld engineering team, to align it with local regulations and standards, the 'Design Task'. This process took five months, with in excess of 500 pages having to be translated from German and English to Russian, before official approval of the Design Task was given mid-June 2010.

Construction started at the site on 2 July 2010. Three trucks finally left the Hofstetter Hindlebank manufacturing facility on 17 August 2010, heading for the Polish/Ukrainian border with the flare, control container and an assortment of pipes, valves, measuring devices and spares. Having passed border control successfully, they then made their way across country to the customs control point in Lugansk. Customs clearance took just three days, somewhat of a record for Ukraine, with our trucks finally arriving on site late in the afternoon of 27 August.

The construction team was well prepared and the Hofstetter convoy was met by Falko Harff and the local construction crew. Before darkness had descended all three trucks had been offloaded and their precious cargo stored ready for commencement of assembly and installation on 30 August.

Site preparation and foundations were already completed. The installation and commissioning has now been finished and the first gas was combusted on 16 November 2010. The GGI Donetsk team of Iain Goldsmith, Evgeny Alekseev, Elena Ostrovskaya and Oksana Kovalenko worked long days and nights and congratulations to them. Stefan Decker, the Plant Manager Yaroslav Okhremenko and Marc Beutler from Hofstetter did a great job in setting the plant to work. GGI has now appointed local consultants to assist with the design for the second phase of the project, which is scheduled to be online and producing the first CHP by June 2012, subject to local approvals. A number of other projects in the Ukraine have been identified which are being vigorously pursued to build on the back of the KNU project.



Site preparation and foundations



Staff accommodation arrives



Completion!

Ronald van der Vlist

*Managing Director of Hofstetter
Umwelttechnik*



What does your role at Hofstetter involve?

As the Managing Director of Hofstetter Umwelttechnik, I am responsible for the so-called equipment business of the Green Gas International Group. Our business involves sales, project management, manufacturing and commissioning of units for gas treatment and conversion through flaring. My focus is on strategy and business growth, while Jörg Schürmann is responsible for the execution of the projects.

What are your priorities over the next 12 months and beyond?

My main priority is to promote a significant growth in Hofstetter's business by exploiting Hofstetter's competence in new market segments and by expanding the product offering. In addition, we will set up a service and maintenance business. We have a strong team and good knowledge which is the foundation of our growth strategy.

What are you currently working on?

It's important for us to deliver the projects we have won to the satisfaction of our customers – this provides a sound basis for repeat business. In addition, our focus is on the growth of sales worldwide, we are also 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.

Where were you before Hofstetter?

Before joining Hofstetter, I was Director Europe for Furmanite, a specialised industrial maintenance company and prior to that I was 23 years with Aker Solutions. During the last three years at Aker Solutions, I set up a joint venture with Praj for providing technology, engineering and building plants for the production of biofuels.

What attracted you to your current role?

I firmly believe that companies who are in the sustainable industry have a great future and both Hofstetter and Green Gas are potential strong players in this.

What are your interests outside the company?

In the summertime I enjoy sailing, whilst in winter it's skiing and after that enjoying a good glass wine.

Raj Kumar

*Carbon Revenue Manager
of Green Gas International*



What does your role at Green Gas involve?

As a Carbon Revenue Manager, I am responsible for delivering an integrated approach between carbon generation, project execution and operations. I am responsible for Green Gas' growing portfolio of projects creating carbon credits from both Compliance and the Voluntary based Carbon Standard. The majority of the projects include CMM and LFG. Furthermore, I am also responsible for sourcing, operations and management of the Emission Reduction Purchase Agreements (ERPA).

What are your priorities over the next 12 months and beyond?

My main priorities are to register the KNU CMM carbon project under JI track and possibly to execute three verifications during 2011 as well. I will be focusing more on executing verification for Medellin, Colombia to generate carbon revenue for GGI. Furthermore, successful registration of the two Colombian LFG projects (El Gualcal, El Guabal) with UNFCCC under CDM.

What are you currently working on?

The KNU CMM utilization carbon project located in Ukraine. It has been developed under large scale methodology ACM0008. This project will be implemented in two phases, the first is flaring and afterwards power generation, which is the second phase. In addition to that, I am also involved in new CMM and LFG projects which are in the pipeline.

Where were you before Green Gas?

Prior to Green Gas International, I was working as a Project Manager at Face the Future B.V. for 18 months. I was involved in Forestry carbon project development. I have developed ARR, IFM and REDD projects. In addition to that, I was also partly involved in one IFM methodology development which is now recently approved under the Voluntary Carbon Standard Association (VCSA).

Between 2007 to 2009 I worked with TUV-SUD Asia as a Product Manager of Corporate Sustainability Assurance. I was responsible for Carbon Project Validation and Verification including Corporate Social Responsibility (CSR) and Social Audits. Before 2007, I was very active in fuel research and waste handling such as Fly Ash (coal power plant waste) while working with the Cement Industry.

What attracted you to Green Gas?

GGI is an International clean energy company which captures energy from waste gases to generate power. This has been one of my interest areas since the beginning of my career. I have always been fascinated about waste to energy technology. I did lots of work on Biomass, Refuse Derived Fuel (RDF), energy efficiency and solar energy. On top of that Green Gas provides an international work exposure. Green Gas has also inherited blended global experience, which gives the opportunity to understand a diversified business culture within the organisation.

What are your interests outside Green Gas?

Most of my free time I like to spend with my wife. Besides that, I also like cooking, reading books and listening to songs.