

Green Gas Connect

May 2010



Welcome!

We've had a busy start to 2010 with the signature of the agreements to complete the Krasnodonugol (KNU) project in the Ukraine as well as signing a gas purchase agreement for the El Guacal landfill in Medellin, Colombia and joining the consortium to construct one of the world's largest waste water treatment plant, Atotonilco, in Mexico.

These project acquisitions were made possible not only by the hard work of the Green Gas teams, but also because our track record and integrated solution is attractive to customers. We expect to announce several more projects we are working on as the year progresses.

We have also entered into Emission Reduction Purchase Agreements for carbon credits produced by our La Pradera and Curva de Rodas plants in Colombia, which marks our first secured revenues from carbon credits.

Delivering our next phase of growth and projects is the next challenge.

In this regard we have submitted the application to expand the Pioneer plant in the USA, for the generation of electricity from landfill gas, by 3.2 MWel. During January 2010 the Paskov 3 plant at Green Gas DPB was commissioned and the construction of additional CHP units to bring total capacity at Green Gas DPB to 30MWel by the end of 2010, is ongoing. The KNU and El Guacal projects are expected to be completed during this financial year.

We are pleased to welcome our new CFO Claudia Mennen-Vermeule who will join us on 1 June 2010 as well as Ronald van der Vlist, who was appointed MD of Hofstetter Umwelttechnik AG. We look forward to their contribution to Green Gas and wish them the best in their new roles.

Operationally we are on track for the year, but there is a lot of business to be done out there and I wish each of you the best in achieving your targets for the rest of the year.

Chris Norval
Chairman & CEO

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The Ball is Rolling in Latin America...

By Duncan Cox

In February 2010, Green Gas signed an agreement with EVAS Enviambientales SA ESP (EVAS) for a Clean Development Mechanism (CDM) Project in the Centro Industrial Sur – CIS El Guacal Landfill, close to Medellin in Colombia.

This is our second project in Colombia and it builds on our success in Latin America. Green Gas will construct and operate the active degassing system and flare to eliminate the landfill gas and will manage the process for the registration of this project under the United Nations Framework for Climate Change Convention (UNFCCC). It is expected that over the 21 years of life of this project it will eliminate the equivalent of 3,500,000 tonnes of carbon dioxide from the atmosphere. The project will have a positive impact on the environment. Risks such as landslides, explosiveness or fire will diminish and the air quality will improve. It will also have

a significant benefit for the local community as it will create work for local people and business opportunities for local suppliers. A share from the sale of the Certified Emissions Reduction, generated by this project, will be used to develop social projects in a very low income area of Envigado.

Sergio Saldarriaga, General Manager of EVAS commented: 'EVAS is pleased that the development of such an important green project is proceeding. It will contribute to improving the environmental quality of the area and diminish health risks and odours caused by the unavoidable landfill gas.'



Chris Norval, CEO of Green Gas International, said: 'Green Gas is excited to work in partnership with EVAS to make this development possible. This adds to our expanding business and investment in Colombia.'

Landfill site in El Guacal, Colombia

First Project in Mexico

By Duncan Cox

In late 2009 Green Gas through Green Gas Americas joined a consortium with companies IDEAL, ACCIONA, Atlatec, ICA and DYCUS for the purpose of bidding for the National Water Commission of Mexico (CONAUGA) for the construction and 25 year operation of one of the world's largest wastewater treatment plants. The project was bid for by two competing consortiums and although our consortium was slightly higher in price we were deemed technically superior and were awarded the project.

The construction of the US\$710 Million waste water plant started at the end of Q1 2010. The project is located in the town of Atotonilco in Hidalgo State, 60 km north of Mexico City. Currently in this area only 11.6% of waste water is treated per day and untreated water is used for the irrigation of local agricultural fields which account for one of the largest in the country. This causes health issues and environmental pollution. The new plant will have the capacity to treat 3.6 million tonnes of water per

day which equates to 60% of the area's wastewater. The project will have a positive impact on the environment, irrigating more than 80,000 hectares of the Tula Valley and improving the living conditions of more than 300,000 inhabitants in the surrounding area.

The wastewater treatment plant has within it a 33MW CHP plant which will supply power and heat for internal consumption. Green Gas's role within the consortium will be to provide expertise for the design, construction and operation of this combined heat and power (CHP) plant.

The expertise that Green Gas will provide is in the form of engineering services and operation and maintenance supervision in relation to the CHP plant. This CHP plant will convert the greenhouse gas, methane, that is produced from the waste water treatment utilisation process into electricity and heat. The CHP plant will potentially have the capability to reduce emissions in excess of 1 million tonnes CO₂ equivalent per year. This project will provide Green Gas the opportunity to establish itself in Mexico and it will be the stepping stone to many more projects in the future.

Green Gas signs Ukrainian Coal Mine Gas Project

By Alexander Hoffmann

In December, 2009 Krasnodonugol (KNU) and Green Gas officially signed the agreements for a project to utilise the abundant mine gas from the Sukhodolska-Vostochnaya coal mine, in Krasnodon, 150 km east of Donetsk, in Ukraine. The agreement allows Green Gas to develop the project in co-operation with KNU over a lifespan of 15 years. The gas

will be flared through 25 MWth Hofstetter Umwelttechnik flare which should be operational in August 2010. The project has the potential to reduce emissions by the equivalent of some 200,000 tons of CO₂ each year.

Green Gas began long-term co-operation with KNU in 2007 with the improvement of their existing gas drainage system to secure maximum gas qualities and quantities while enhancing mine safety. As a partner to KNU, Green Gas provides the integration of underground gas drainage expertise and gas utilisation capability combined with knowledge and execution of carbon credit related issues.

The project provides significant safety, environmental and economic benefits. The mine benefits from enhanced safety and reduced electricity consumption through improved gas drainage system that uses less power; and additional revenues from the sale of carbon credits. Air quality also improves by destroying methane that would otherwise escape into the atmosphere.

Green Gas intends to install CHP units to generate electricity with a capacity of up to 12 MWel as a second phase of development. This electricity can be used to power the mine or be distributed into the public grid under a new Ukrainian Green Tariff scheme.

First agreement for the sale of carbon credits

By Lei Wu

At the beginning of 2010 Green Gas signed Emission Reduction Purchase Agreements (ERPA) for the sale of carbon credits from the La Pradera and Curva de Rodas landfill gas flaring project in Medellin, Colombia. The agreements were signed with Climate Change Investment and the Carbon Credit Fund CV.

The ERPA allows Green Gas to convert the hard work of finding financing, achieving UNFCCC registration, constructing the project, operating the project and monitoring, into tangible revenues for the company.

Green Gas captures and flares methane in order to reduce greenhouse gas emissions from the landfill site. The average annual emission reductions from the project are estimated at some 160,000 tonnes CO₂ from 2009 to

2016. The ERPA with Climate Change Investment covers the period before 2013 and with the Carbon Credit Fund CV the period post 2012. This project has been developed in partnership with the University of Antioquia, contributing to education and research in the area of the emerging carbon market.

Commenting on these agreements, Chris Norval, chief executive of Green Gas said: 'The successful execution of the project demonstrates Green Gas' ability to operate successfully in this region and further strengthens our credentials as a supplier of effective, fully integrated solutions.'

Explanation:

Emissions Reduction Purchase Agreement is a Contract for the sale of CER carbon credits from UN CDM and JI projects. Heavily used for forward sales of CERs not yet issued, in projects under development, as a means of project financing. The price of such primary CERs is discounted in ERPAs to reflect the risks of non-delivery. possible. This adds to our expanding business and investment in Colombia.'

Czech Government Supports Green Gas DPB Projects

By Ing. Antonin Kunz

Green Gas DPB is a significant producer of clean energy in the Czech Republic. In 2009 Green Gas DPB produced 180 GWh electricity and 140,000 GJ heat from clean energy sources, which was distributed to the local energy distributors and businesses. In addition, Green Gas DPB supplied 50 million m³ of methane to customers. This totals to the equivalent of reducing CO₂ emissions by some 750,000 tonnes per annum. However, despite the significant environmental benefits, implementing these kind of clean energy projects would not be profitable without governmental financial support. Investment required for the technology, equipment and resources for clean energy production is considerably higher than for conventional energy production.

In the Czech Republic, the Government provides financial support for an investment subsidy for the construction of environmental-friendly projects; and subsidy towards electricity production from renewable or clean energy

sources. Green Gas DPB participated in establishing a 700 kW environmentally friendly heating facility at the Technical University of Ostrava. The company drilled 110 boreholes for the installation of heat pumps in an abandoned coal mine. This project is the largest of its kind in the Czech Republic providing heat supplies from clean energy sources for the heating of the university facilities. In order to carry out this environmentally friendly project successfully, it received financial support from both the EU fund and the Czech Government. This enabled to implement the project using modern technology as well as secure revenues.

Green Gas DPB also benefits from governmental subsidies towards renewable or clean energy production. It receives financial contribution towards every 1 MWh of electricity or 1 GJ of heat produced. This financial support is in the form of 'green bonuses' when the energy is sold directly to users; or in the form of 'regulated purchase price' when the electricity is sold through a distribution provider. DPB uses both 'green bonuses' and 'regulated purchase price' strategically selecting the most beneficial form of subsidy according to the future outlook. These contributions help to fund our projects and secure return on investment.

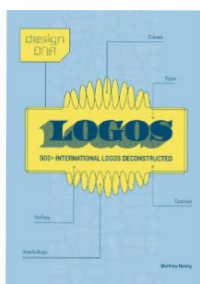
Green Gas Logo Featured in a Book

By *Michaela Brngalova*

We are very pleased to announce that the Green Gas logo has been chosen to be featured in the 'Design DNA: Logos' publication written by Matthew Healey, a freelance brand consultant, graphic designer and the author of 'What is Branding?'.

This has been achieved with the help and hard work of our corporate designer, Ellen Wibye, who has helped to create the logo to reflect the company core activity and corporate values in line with the current design trends. The methane molecule created out of four 'g's links Green Gas to methane in a simple and graphic way.

Ellen submitted our logo to Matthew Healey earlier this year and we are very pleased that it has been chosen as one of 500 most interesting logos from around the world. The book analyses how and why logos are constructed to successfully communicate and convey brand value and will be published this year.



Design approach: '...The brand needed to communicate across a range of cultures including Russian, Chinese, and Latin American. The designer sought to strike a balance between being down-to-earth but not boring, and professional but not glossy; and to have a versatile symbol with longevity and universal appeal. The structural formula of methane is the basis for the logo. For collateral materials the identity was augmented with a motion blur and spots of complementary colours to represent energy sources and the idea of a dynamic, forward-thinking company.'

Ellen Wibye comments: 'I am very pleased that the Green Gas logo has been chosen for 'Design DNA: logos'. I have worked with Green Gas from the very beginning and appreciate even more that what we do together and how it has evolved is receiving recognition.

Ellen has had her work featured in other publications, including the 'Really Good logos Explained' published by Rockport Publishing, the 'Logolounge' by Rockport Publishing and the 'Logolicious' from Crescent Hill Books which are both due to be published this year. Apart from her achievements within Graphic Design, Ellen has also won several advertising awards including the Cannes Advertising Festival and the Clio award.

Executive Appointments



Claudia Mennen-Vermeule will join Green Gas on 1 June 2010 as the Chief Financial Officer. Claudia recently held positions as Vice President Finance and acting CFO with the Dockwise Group, where she gained significant experience with capital market transactions.

At Dockwise Claudia was part of the project team for the sale of the group to 3i, a private investment equity firm, responsible for re-financing, several acquisitions and the initial public offering (IPO) at the Oslo Stock Exchange in 2007. In addition, she was acting CFO during the process of capital raising and listing at NYSE Euronext stock market in 2009.

Prior to Dockwise Group, she was a Senior Audit Manager at Pricewaterhouse Coopers. Claudia holds a master degree in Information Technology from the University of Tilburg and is a Dutch Certified Public Accountant. She is a Dutch citizen and resides in the Netherlands.



Ronald van der Vlist has joined Green Gas as the MD of Hofstetter Umwelttechnik AG. Ronald has substantial experience in identifying new market opportunities and developing and implementing business development strategies. He has substantially increased revenues and profits in his previous roles and this will be his focus in HofstetterUmwelttechnik.

Ronald started his professional career as a Process Engineer and Project Manager working on the engineering, construction and commissioning of process plants in the US, Europe, China, Middle East and Brazil. Later he moved to senior business development roles in a global engineering and construction company where he held responsibility for sales, new business development, M&A and technology. He subsequently established and led a biofuel joint venture and joins Green Gas after having been Director of Furmanite Europe. Ronald is a Chemical Engineer and has a MBA degree from Henley Management College.

Fawn Glen

Managing Director of
Green Gas Beijing

What does your role at Green Gas involve?

As the Managing Director of Green Gas (Beijing) Clean Energy Technology, my responsibilities include managing daily activities of the Beijing company and leading the team to achieve development goals in the Chinese market.



What are you working on and what projects are in the pipeline?

We are currently working on the Yangquan project in the Shanxi province to install up to 90MWel in total of gas engines for power generation from coal mine methane (CMM). This is a large project into which the China team has put a great deal of effort. In addition to that, we have other CMM and coal mine methane services (CMMS) projects in the pipeline. We are also keeping an eye on biogas opportunities and have an interesting portfolio in hand.

What are your main priorities as MD of China for 2010 and beyond?

My main priority as MD of China is to sign up the Yangquan Joint Venture deal and hopefully execute the project within 2010. Furthermore, leading the team to meet our 2010 target and expand our business according to the long-term plan of the company.

Has the recession affected our business in China?

It appears that the recession did not hit China as much as it did in the US or Europe. Thanks to the well-timed government stimulus encouraging investment, domestic consumption and increased lending, the economic growth has nearly recovered. However, the impact still cannot be ignored. Particularly, heavy industries such as the coal mining industry are forced to reduce production as a result of the drop in demand.

Interestingly, the local government in the largest coal producing province Shanxi, used the "slow times" to restructure local businesses. More than 3,000 small-sized coal mines were shut down and subsequently consolidated by large state-owned mining groups. This process made our project development work rather difficult for a while.

What are the challenges of doing business in the Chinese/Asian market?

The main challenge is achieving favourable negotiating terms with the gas owners as gas utilization is not a core business of the gas owner. Secondly, the clients often consider revenues coming from this type of projects as not worthwhile and often accept lower return levels. Our task is to show them the benefits and how the project can contribute to their business. If we fail to bridge this gap in understanding, the gas owner often chooses to develop the gas utilisation themselves or give up the project altogether.

What are your professional achievements at GGI?

In 2007 I set up the office in China and got the business off the ground. However, with all the development work on-going, I think that it is too soon to talk about achievements. One thing I am happy about is that I managed to learn a great deal about coal mining and gas drainage. Having such knowledge in China is very handy. Especially in talks with clients it often takes them by surprise, as they hardly expect this level of knowledge from a woman of non-mining background. Very often this brings clients close instantly.

What are your interests outside of Green Gas China?

I try to exercise from time to time. Sometimes the China team gets together to play badminton over the weekends. That's great fun.

Jörg Schürmann

Operations Director of Hofstetter

What does your role at Green Gas involve?

As the Operations Director of Hofstetter Umwelttechnik AG (Hofstetter), I am responsible for engineering, manufacturing and project delivery; and provide support to the team and to Green Gas group with our specific know-how.



Hofstetter supplies degasification systems and flares to landfill, coal mine, biogas and industrial companies globally. The company has installations in more than 52 countries and is an equipment supplier to Green Gas. We work in partnership on projects with the Green Gas Group as well as selling equipment independently. Hofstetter play an important part in building up the Group's global presence as we hold vast market information.

What is the main priority for Hofstetter business development for 2010 and beyond?

The focus in 2010 is primarily on expanding the Hofstetter business with our CDM Equipment in Latin America, South Africa and Asia, including degasification systems and high efficiency flares. We are building on our success in Colombia with our first palm oil project and in Australia, where we are involved in a number of coal mine projects. We also aim to develop the US market and expand in the UK with low calorific flares, an innovation of Hofstetter.

What projects have recently been implemented and which are in the pipeline?

Apart from the continuous business development in the EU, Hofstetter is developing several new landfill gas projects in Australia and a palm oil project in Colombia. We are also involved in the coal mine methane project Krasnodonugol in Ukraine where we supply a 25MW efficiency flare.

What challenges have you experienced after the economic slowdown?

The economic slow-down had an impact on the decision-making process on our customer side which still remains fairly slow. The demand for flares and degasification systems slowed down in 2009 in comparison to previous years as a result of the financial crisis. Investments were held back and projects in the pipeline stood still. However, prospects for 2010 look good and we expect a better year than in 2009. We have been able to acquire new customers in new technology sectors such as palm oil CDM projects in Colombia and the supply of mobile coal mine flares for South African Coal Mine New Denmark.

What positive impact did the Green Gas a Hofstetter combination have on Hofstetter?

As the equipment supplier for Green Gas, Hofstetter has benefited from new business opportunities worldwide and the know-how that we can share and provide together as part of the Green Gas' integrated solution.

What are your interests outside of Hofstetter?

Apart from spending time with my family I enjoy mountain biking and snowboarding in the beautiful Swiss Alps.