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### With The Name “Viridis” That Means Green And A Focus On Clean Energy, Viridis Energy Inc., Is In The Right Space For Today – Manufacturing And Bringing To Market Wood Pellets For Residential Use In North America As Well As Coal Plants Worldwide

**Energy  
Biofuels  
(VRD-TSXV)**

**Viridis Energy Inc.**

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**Chris Robertson  
Chief Executive Officer**

**Michele Rebiere  
Chief Operating Officer**

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**Executive Bios:**

**Chris Robertson - Chief Executive Officer, Viridis Energy**

- Founder of Cypress Pacific Marketing, a company acquired by Viridis Energy in 2009

- Managed rapid growth business for over 9 years
- Extensive background in forestry sector
- Including lumber trading, remanufacturing and sales management

**Michele Rebiere - Chief Operating Officer, Viridis Energy**

- Responsible for Corporate Development, Finance, M&A, Investor Relations, HR
- Over 20 years experience in financial services, corporate finance, strategy and markets
- Part of the advisory board for the company for past five years

**Company Profile:**

Viridis Energy Inc. is a Vancouver, B.C. based company in the green energy, biofuels sector. Specializing in wood pellets, the company has access to the largest supply of quality softwood in all of Canada.

Today, in North America there is a growing interest in alternative energy sources. According to the Wood Pellet Association of Canada, wood pellet heating conforms to the Kyoto accord air emissions standards and is a fraction of the cost of some fossil fuels. In the US, the EPA (Environmental Protection Agency) has endorsed wood pellet heat as one of the cleanest-burning, most renewable energy sources on earth.

In some countries, trees are cut down to provide materials to construct wood pellets. Canada utilizes the wood waste from our plentiful forests in order to make wood pellets. Pellets are a highly efficient, affordable alternative method of

heating homes and industrial businesses. Wood pellets burn at a very high temperature, eliminating the waste product so often associated with wood products. According to the Wood Pellet Association of Canada, a forty pound bag of pellets produces only three ounces of ash.

**Interview with Chris Robertson, CEO and Michele Rebiere, COO**

**CEOCFO:** Mr. Robertson, what is the vision at Viridis today?

**Mr. Robertson:** The vision is to transform the alternative energy sector. We are a distributor and now a manufacturer of BTUs. It is an alternative energy company that is not constrained in the way solar or wind are, our current energy, wood pellet fuel, is fully dispatchable. Our vision includes additional feedstocks and moving into coal plants to assist in the movement toward co-firing and reducing greenhouse gas emissions around the world. .

**CEOCFO:** Why the decision that this is the best way to address the alternative energy situation?

**Ms. Rebiere:** There are two reasons why we choose wood pellet fuel as a way of addressing alternative energy. First of all, if you think of alternative energy, you typically think about wind and solar, which is most common with the average person. However, what we find with our fuel is it is always available, you are not relying on the wind to blow or the sun to come up, wood pellets are always accessible, therefore, you can utilize this fuel constantly. So there is a reliability factor there. The other reason we went down this path is, it is what we know. Most of

our management team have a background and expertise in forestry and wood-based products. As well as the fact that company is located in British Columbia, which is arguably the largest forest and best source of quality soft wood for making pellets. This made wood pellet fuels a natural starting point for us.

**CEOFCO:** Would you tell us about the wood pellet market in general?

**Ms. Rebiere:** There are really two major markets; one is a domestic heating market, which includes many areas such as New England where there aren't natural gas lines as in the rest of North America. Therefore, wood pellet stoves have been a very good alternative and a cost-effective alternative for homeowners. Certainly, pellet stoves are utilized in other markets, but in the northeast market they are extensively used. That is the domestic heating market. The other market we would describe as industrial and that is really where the coal plants and other utilities are utilizing wood pellets as an alternative to providing electricity and heat. Many of the coal plants are starting to adhere to emission reduction standards set by each country, whether it is in Europe or China, by coal-firing with wood pellets. So they will effectively utilize 10% less coal and obtain say a 20% reduction in greenhouse gas emissions. These are the two primary markets for wood pellets and both markets are growing rapidly. .

**CEOFCO:** How was Viridis formed and what is happening today?

**Mr. Robertson:** Cypress Pacific Marketing was the first acquisition by Viridis and they were the largest distribution company for wood pellets from the west coast to the east coast. As we progressed we determined that we needed to be in manufacturing in order to continue to be a dominant player in this industry. So, a year ago, the business was a private company with strictly distribution. We are now a public company with two completed acquisitions and a third one just about complete. All of these acquisitions are in the wood pellet fuel sector and we are in the process of looking at the next acquisition at this time.

**CEOFCO:** Viridis has several different brand names; is that the result of acquisitions?

**Mr. Robertson:** As a distribution company, we were buying from multiple suppliers and each had their own brand name. As we have acquired a manufacturer, we are going to focus on creating one or two of strong, in-house brands but we will continue to go out in the market and broker other brands on a limited basis. And we will do so only with manufacturers who we believe adhere to our high standards of product quality. Branding is one of our areas of expertise, and it is an extremely important element of our success to date.

**CEOFCO:** How do people decide what brand they are buying, is it price or a difference in the pellets?

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**Mr. Robertson:** Quality is becoming even more important in the domestic home heating market. However, price is always a factor. We have been successful at producing a higher-end pellet through the manufacturing process and the superior fiber (wood residuals) that go into the process. Quality is measured by BTUs and ash content and that is what people are looking for in the home heating market. Our brand name that we are out in is Okanagan Pellets, which is recognized in Upstate New York and all through the New England states.

**Ms. Rebiere:** We often hear people talk about commodity and price in this sector. Although the low-end of the market is certainly a commodity pellet product, you will see especially in the domestic heating market that consumers are very interested in quality and as we alluded to the less ash in their stoves, the less cleaning time. So there is a segment of the market is

very interested in a quality pellet, such as our brand.

**CEOFCO:** Do you do advertising to the public or is it more to the stores that are distributing or distributors?

**Mr. Robertson:** It is more through the distributors, the dealers, and the dealers can be your average hardware store like an Ace Hardware, or a Tru Value for example. In addition, they can be the actual dealers of the stove, such as Home and Hearth type dealers. We are typically working with those dealers to do co-op advertising, as the majority of the advertising comes from them. What we do however is look at some online mechanisms for getting the word out and the online forums for pellet users to talk about the brand quite a bit.

**CEOFCO:** What is the competitive landscape?

**Mr. Robertson:** I don't think we have a lot of competition. If you just focus on the pellet segment yes, we have some competition on the manufacturing side. We have very little competition that owns both a manufacturing and distribution company and that makes us unique. Viridis as a company is about many forms of energy

and that is what we are basing our vision on. So it is not just going to be wood pellets like most of our competition, it is going to be other feedstock. It could be corn or barley; multiple things. When I say corn or barley I don't mean a food source, it is the outer casings of these products, the ones that are thrown away. That is what takes Viridis Energy out of the realm of having any competition.

**CEOFCO:** The cost of producing this type of energy always comes into question; address that if you would, and how is it cost effective and/or energy efficient?

**Mr. Robertson:** Certainly if you compare wood pellets or corn or barley against wind or solar, it is very very cost effective to produce. Just on the capex alone. People also look at the price, as it compares to oil for example. Sometimes oil can be very cheap in price, but it is all over the map on a daily basis now. Oil prices are not stable like they were years ago. Right

now it is low and then it goes very high, so I think people are tired of one month they are paying something for oil and the next month it is up 20%. Therefore, a lot of families can't justify or have any confidence in the price of oil. Secondly, for the bag of pellets, they could go out and buy four or five bags of pellets, where as if it is oil they have to fill their house up for \$200 or \$300. So I think it is cost efficient in a lot of ways, not just the fixed price that you see for that moment.

**Ms. Rebiere:** For example, just for a reference point, there is a comparison called "cost per million BTUs". If you look at something on an extreme end such as coal it is \$11 per million BTUs, that is the low-end. The high-end would be electricity, which is about \$35. Natural gas is in about the \$18 to \$20 range and pellets are in about the \$20 to \$22 range. Propane is up around \$31. So wood pellet fuel is priced very well, on the lower-end of the heating scale for residential and quite close to natural gas, which certainly appears to be the most favored.

**CEOCFO:** How do you reach potential new customers in all the areas you are working in?

**Ms. Rebiere:** We have been lucky that our brand has spoken for itself to some degree. So we typically have distributors coming to us and asking if they can carry the brand. Location often drives the decision as freight is always an issue with regard to which markets we can enter. More often than not, we have chains that are looking to bring the product in, but maybe just from a freight standpoint it is not economical to do so at this time. So we are fortunate in that way, but they typically come looking for us. With regard to some of the other markets such as Europe, China, and South Korea where we are starting to see some interest, a little bit of it is the same thing, word-of-mouth, and some of it is the fact that we believe Viridis is the first biofuel company and specifically in the pellet business that have gone public. So our profile of visibility is a bit higher, which helps some of the larger players find us.

**CEOCFO:** What is the plan in the next six months or year, and what changes can we look for?

**Mr. Robertson:** We are aggressively pursuing global markets now in the wood pellets and other feedstocks, and we are actually looking for new acquisitions, either doing full equity positions or partial equity positions. We are also going to partnership with strategic companies that fit our plan. We are going to grow globally and we are going to grow in our feedstocks and acquisitions. So those are our targets through the next year.

**CEOCFO:** What is the financial picture for Viridis Energy today?

**Ms. Rebiere:** We have grown quite rapidly and of course it is a combination of market growth and hard work, but we are expecting to grow at a compound annual

**We have grown quite rapidly and of course it is a combination of market growth and hard work, but we are expecting to grow at a compound annual growth rate of about 50% over the next four or five years. So it is a market segment that is very active and certainly the biofuel industry in general is growing. We have the momentum and the strategy which includes the vertical integration between distribution and manufacturing and we believe that will allow us to capitalize on that market growth and grow rapidly as well.**  
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growth rate of about 50% over the next four or five years. So it is a market segment that is very active and certainly the biofuel industry in general is growing. We have the momentum and the strategy which includes the vertical integration between distribution and manufacturing and we believe that will allow us to capitalize on that market growth and grow rapidly as well.

**CEOCFO:** What do you have to be on the lookout for as you go through with your strategic plan?

**Mr. Robertson:** My answer would be we are not afraid of anything. We feel that the vision that got us here today has put us e at least several years ahead of anybody else, whether it is going public, doing acquisitions, vertically integrating successfully or being supremely focused on quality. What we have always had is

the largest distribution company involved. Nobody is in competition with that. So we just need to continue executing on our plan and continuing to rapidly expand our vision as the world embraces alternative energy.

**CEOCFO:** Is your management team all in place?

**Ms. Rebiere:** We have the right infrastructure in place now; we have a combination of distribution, manufacturing and financial expertise in the business today. I think we will continue to grow on the sales side, continue to add staff to take advantage of the growth opportunities, but the basic infrastructure for management is very strong and is in place today.

**Mr. Robertson:** Even our board is a working board too; it is people who are active in this field and can help Viridis move forward in different facets of the industry. We are happy about that.

**CEOCFO:** Has the investment community started to pay attention?

**Ms. Rebiere:** They have started to pay attention. We have been fortunate enough to work with a private equity firm as a lead investor and we started to do some work with an investor relations firm. We are expecting private place-

ment road shows in the fall in Europe and the US and given Europe's advance position in the biofuels sector, we hope to get even more attention from the investment community.

**CEOCFO:** Why should potential investors pick Viridis Energy out of the crowd?

**Ms. Rebiere:** It is difficult to find businesses that have high growth potential that are currently making money. The typical speculative stocks that have high-growth projection are really high-risk, and here we have a track record of profitability in the wood pellet segment yet a tremendous upside. The other aspect that I think is important is there is a solid business in the first segment with strong potential to move into the other biofuels or feedstock. So those are really two fac-

ets that we have certainly heard from investors that is of interest.

**CEOCFO:** Final thoughts, what should readers remember most about Viridis Energy?

**Ms. Rebiere:** People are going to remember our name Viridis. We love the

name; it is Latin for green, and youthful and blossoming. That is what we really think this industry is, and our stage of the industry, which is very exciting.

**Mr. Robertson:** Yes, the name says it all and there is passion attached to the name from senior management to the newest of

employees. We are passionate about clean energy and we are passionate about the opportunity Viridis Energy presents.



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