

## Viridis Energy Inc. Reports First Quarter 2014 Financial Results

*Viridis Energy's revenue increases 143% over previous year first quarter*

**Vancouver, BC – May 28, 2014** – Viridis Energy Inc. ("Viridis" or the "Company") (TSXV: VRD) (OTC: VRDSF), today reported financial results for its first quarter ended March 31, 2014. During the quarter, the Company was impacted by a six week trucking strike that impacted its British Columbia plant as well as extreme weather conditions that caused production challenges at its newly revitalized plant in Nova Scotia. Despite these short-lived impediments, Viridis grew revenues 143% year-over-year. First quarter progress:

### Viridis Energy

- Materially improved its balance sheet since year-end 2013:
  - Early March, entered into a \$3.25 million secured loan facilities agreement with the Royal Bank of Canada ("RBC"). The Loan bears interest at the annual rate of Royal Bank's prime rate plus 3% (currently equates to 6%), payable monthly over 48 months. Proceeds from the loan were used to repay the \$3.3 million loan owed by Viridis' Okanagan Pellet Company ("OPC") subsidiary to Cornwall Investments LLC that carried interest costs of 9% per year (prime plus 6%). In addition, RBC will provide Viridis with a \$250,000 line of credit at RBC's prime rate plus 3% interest per annum, for general working capital purposes.
  - On March 31, 2014, Cornwall Investments LLC ("Cornwall") exercised 25,000,000 of its Viridis common share purchase warrants at a price of \$0.15 per share, generating proceeds of \$3.75 million to Viridis.
  - Subsequent to quarter-end, Viridis' wholly owned subsidiary, Scotia Atlantic Biomass Company Limited ("Scotia") was awarded a Capital Investment Incentive ("Incentive") of up to C\$517,520 by the Government of Nova Scotia. Initial proceeds from the Incentive will be used to purchase new capital equipment to increase production performance at the Scotia plant.

### Scotia Atlantic

- Shipped its first large cargo of wood pellets to Europe from its 120,000 ton capacity Nova Scotia facility, after restoring production a few months ago.

### Viridis Merchants

- Arranged its second transaction, since the Company's wholly owned dealer subsidiary was launched in November 2013, totaling 12,000 tons of wood pellets from a S.E. U.S. producer, which will augment Viridis' product deliveries to

customers in the Northeast United States. This transaction is expected to generate over \$2.5 million in revenues over the 12-month period beginning April 2014.

“We started this year with two significant revenue developments. We released the largest wood pellet shipment ever exported from Nova Scotia from a plant that we re-opened only a few months prior, and we posted the second transaction for Viridis Merchants. Had it not been for the abnormally hostile winter and a rare trucking strike, we would have posted a record quarter as well. The disruption in shipping alone impacted our quarterly results by approximately \$700,000 in delayed revenues,” commented Christopher Robertson, Viridis’ CEO. “As discussed at year-end, Viridis is well positioned for a breakout year in 2014. Our OPC plant is operating at full capacity and Scotia Atlantic Biomass is gaining meaningful progress towards achieving full operating capacity. Additionally, both Viridis Merchants transactions have begun contributing to revenues. Consequently, we anticipate 2014 revenues will fall in a range between \$30 million and \$35 million, exiting the year at a profitable run-rate.”

Viridis reported revenues for the three months ended March 31, 2014 of approximately \$5.6 million compared to \$2.3 million for the same period of the previous year and \$6.1 million in the fourth quarter of 2013. The year-over-year improvement predominately reflects the continued ramp-up of production from the Company’s plant in Nova Scotia, and revenue from Viridis Merchant initial transaction. The decline in revenues from the fourth quarter was attributed to the impact of a strike by third-party freight operators, which has since been resolved, that prevented the Company’s Okanagan plant from delivering product during a six week period in the first quarter.

The Company reported a comprehensive net loss of \$(1.6) million or \$(0.01) per basic share for the first quarter 2014 compared to a comprehensive net loss of \$(753,000) or \$(0.01) per basic share for the first quarter 2013 period and a comprehensive net loss of \$(1.3) million or \$(0.01) per basic share for the fourth quarter 2013. The Company reported a loss from operations of \$(1.4) million for the current year first quarter versus a loss from operations of \$(561,000) for the same period of the prior year and a loss from operations of \$(1.2) million in the fourth quarter 2013.

The Company’s gross profit during first quarter 2014 of \$332,000 or 6 percent of total revenue, compared to \$336,000 or 14.5 percent during the prior year first quarter and \$615,000 or 10 percent during the fourth quarter of 2013. The decrease on gross margin was primarily due to two events which impacted the Company’s two facilities. In addition, as anticipated, the first Viridis Merchant transaction, which generated less gross margin than the Company’s production business due to the lower working capital profile of its transaction, commenced shipment during the first quarter. Gross margins going forward are expected to increase as the Company achieves higher production levels and continued operating efficiencies.

Operating expenses for the three months ended March 31, 2014 increased to \$1.7 million from \$900,000 in the comparable period in 2013. Included in the 2014 operating expenses

was almost \$570,000 in freight charges, compared to only \$8,000 in the comparable period of 2013. Excluding freight, the year over year operating expenses increased by 26%.

Finance and accretion expense for the three months ended March 31, 2014 totaled \$224,000, compared to \$192,000 in the same period of 2013 and \$194,000 in the fourth quarter of 2013. The increase was the result of full quarter accretion expense of \$42,000 during the three months ended March 31, 2014 compared to \$23,000 in the same period of the prior year.

At March 31, 2014, the Company reported cash and cash equivalents of \$2.9 million, primarily resulting from the exercise of 25,000,000 stock purchase warrants at \$0.15 per share by the Company's largest shareholder, generating \$3.75 million in additional capital. The Company also reported accounts receivable of \$1.3 million, representing DSO of 20 days, and inventory of \$2.0 million, which increased significantly from year-end inventory level of \$927,000 due to the temporary freight disruption experienced during the first quarter. The Company's current ratio 1.4x at the first quarter-end, compared to prior year as well as year-end 2013 level of 1.2x. On March 31, 2014, Viridis had short-term debt of \$1.0 million and long term debt of \$5.9 million. The Company's shareholder equity totaled \$5.7 million on March 31, 2014, an increase of \$2.1 million over year-end 2013.

Viridis common shares outstanding on March 31, 2014 totaled 139.3 million shares, an increase of 25 million shares due to the Cornwall Investments LLC ("Cornwall") exercise of its Viridis common share purchase warrants at a price of \$0.15 per share on the final day of the quarter which generated proceeds of \$3.75 million. The Company's fully diluted share count totals 149.5 million, inclusive of all options (average exercise price of \$0.26) and warrants (average exercise price \$0.39). At first quarter end, the Company has tax loss carry forwards of approximately C\$17.5 million, which expire between 2029 and 2033.

**Conference Call Details:**

**Date/Time:** Wednesday, May 28, 2014 – 4:30 p.m. (ET)  
**Telephone Number:** 877-870-4263  
**International Dial-In Number:** 412-317-0790  
**Canada Dial-In Number:** 855-669-9657

**Internet Access:** <http://www.videonewswire.com/event.asp?id=99425>  
or  
[www.viridisenergy.ca](http://www.viridisenergy.ca)

It is recommended that participants phone-in at least 10 minutes before the call is scheduled to begin. A replay of the conference call in its entirety will be available approximately one hour after its completion via the Internet Access link above.

**Annual Shareholder Meeting Details:**

**Date/Time:** Tuesday, June 3, 2014 at 10:00 am (PT) – RSVP REQUIRED  
**Place:** 700-595 Burrard Street, Vancouver, British Columbia, Canada

**Investor Contact:**

Yvonne L. Zappulla  
Managing Director  
Grannus Financial Advisors, Inc.  
212-681-4108  
yvonne@grannusfinancial.com

**Company Contact:**

Michele Rebiere  
Chief Financial Officer  
Viridis Energy Inc.  
905-847-5226  
investorinfo@viridisenergy.ca

**About Viridis Energy Inc.**

Viridis Energy Inc. (TSXV:VRD) (OTC:VRDSF) is a publicly traded, "Cleantech" manufacturer and distributor of renewable energy providing wood waste biomass fuel to global residential and industrial markets. Located in Vancouver, B.C., Viridis Energy operates Viridis Merchants (Canada) Ltd., Okanagan Pellet Company, Scotia Atlantic Biomass Company and Viridis Merchants Inc., thus providing the company with vertical integration for distribution and manufacturing as well as coast to coast national presence. For more information on Viridis Energy Inc. please refer to the company website at [www.viridisenergy.ca](http://www.viridisenergy.ca).

**Forward-looking Statements**

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the Company's future operations. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a continued downturn in general economic conditions in North America and internationally, (2) the inherent uncertainties associated with the demand for biofuels, (3) the risk that the Company does not execute its business plan, (4) inability to finance operations and growth (5) inability to finance the start-up operations in Nova Scotia in a timely manner (6) inability to retain key management and employees, (7) an increase in the number of competitors with larger resources, and (8) other factors beyond the Company's control. These forward-looking statements are made as of the date of this news release and the Company intends to update such forward looking information in the Company's MD&A in the event that actual results differ materially from such forward-looking statements contained herein. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in the Company's MD&A filed with Canadian securities regulators.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release

**\*\*\* Financial Statements Follow \*\*\***

**Viridis Energy Inc.**  
**Consolidated statements of financial position**  
**(Expressed in Canadian dollars)**  
**As at March 31, 2014 and December 31, 2013**

	31-Mar-14 (Unaudited)	31-Dec-13
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,932,710	\$ 1,594,246
Accounts receivable	1,252,351	1,275,959
Inventory	1,992,723	926,933
Prepaid expenses	493,849	546,917
	<u>6,671,633</u>	<u>4,344,055</u>
<b>Property, plant and equipment</b>	9,604,611	9,045,376
	<u>\$ 16,276,244</u>	<u>\$ 13,389,431</u>
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$ 3,675,821	\$ 3,329,868
Deferred income	-	196,595
Due to related parties	43,527	44,373
Current portion of loans payable	1,017,095	113,529
	<u>4,736,443</u>	<u>3,684,365</u>
<b>Loans payable</b>	5,860,650	6,198,921
	<u>10,597,093</u>	<u>9,883,286</u>
<b>Shareholders' equity (deficit)</b>		
Share capital	31,647,578	27,322,578
Contributed surplus	2,871,376	3,446,376
Accumulated deficit	(28,839,803)	(27,262,809)
	<u>5,679,751</u>	<u>3,506,145</u>
	<u>\$ 16,276,244</u>	<u>\$ 13,389,431</u>

**Viridis Energy Inc.**  
**Consolidated statement of loss and total comprehensive loss**  
**(Expressed in Canadian dollars, except number of shares and per share amounts)**  
**For the three months ended March 31, 2014 and 2013**

	Three Months Ended March 31,	
	2014	2013
	(Unaudited)	
Sales	\$ 5,641,727	\$ 2,319,852
Cost of sales	5,310,035	1,983,485
<b>Gross profit</b>	<b>331,692</b>	<b>336,367</b>
<b>Operating expenses:</b>		
Selling and marketing	124,510	45,837
Freight-out	568,572	8,209
General and administrative	991,759	842,883
Total Operating Expenses	1,684,841	896,929
<b>Loss before other items</b>	<b>(1,353,149)</b>	<b>(560,562)</b>
<b>Other items:</b>		
Foreign exchange loss	(4,867)	(2,264)
Finance expense	(177,295)	(166,552)
Accretion expense	(41,683)	(23,202)
Total other items	(233,845)	(192,018)
<b>Loss before income taxes recovery</b>	(1,576,994)	(752,580)
<b>Income taxes recovered</b>	-	-
<b>Net loss and total comprehensive loss</b>	<b>\$ (1,576,994)</b>	<b>\$ (752,580)</b>
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	114,576,661	61,510,840