

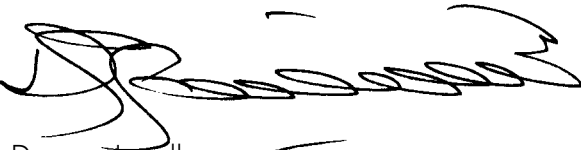
FACSIMILE

TO	Australian Stock Exchange	DATE	13 December 2010
ATTENTION	Ms Kate Kidson	FACSIMILE	+61 3 9614 0303
FROM	Duncan Jewell		
SUBJECT	Market Update		

Dear Ms Kidson,

Please find attached a Market Update for Viridis Clean Energy (VIR).

Yours sincerely,



Duncan Jewell

Company Secretary

Viridis Investment Management Limited

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RELEASE

## Market Update

13 DECEMBER 2010

Viridis Clean Energy (ASX: VIR) ("Viridis") today advised that it has entered into an agreement to sell its US landfill gas to energy business for US\$10.25 million (prior to completion adjustments and transaction costs).

Under the terms of the sale, Viridis will retain ownership of the 7MW Penrose landfill gas to energy project in California. As previously advised, the Penrose project has been shut down pending the outcome of an ongoing dispute with the project's landfill gas supplier.

The sale arrangements are subject to usual closing conditions which are expected to take approximately 45-60 days to complete.

The net proceeds from the US sale will be applied to pay down the corporate debt facility. The outstanding balance of the facility at 30 November 2010 was \$14.5 million.

Viridis also advised that it has received a confidential proposal to recapitalise the remaining Viridis business through the injection of additional equity and debt capital. The proposal is indicative, non-binding and subject to various conditions which have not yet been satisfied. These conditions include agreement to certain concessions from Viridis' corporate and project lenders.

The proposal has the "in principle" support of Viridis' corporate lenders. The UK lenders have granted a further waiver extending the date on which Viridis must inject £4.1 million into the UK business out to 31 January 2011, to provide additional time to consider the proposal. The waiver is subject to various conditions, including that:

- An independent adviser be engaged to provide a report to the UK lenders on the recapitalisation proposal;
- An agreed timetable and key milestone events be adhered to;
- Any potential sale of the business cannot proceed without the consent of the UK lenders; and
- Discussions on the recapitalisation proposal continue to progress satisfactorily.

Further updates will be provided as discussions progress.

END

For further information please contact:

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