

SUNSI ENERGIES, INC.

SunSi's Results Reflect First-Ever Profit

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September 12, 2011

SUNSI ENERGIES, INC. (OTC:QB – SSIE - \$3.85)

Price Target: \$6.00

Rating: Speculative Buy

COMPANY SNAPSHOT

SunSi Energies, Inc. has emerged as one of China's primary owners and operators of high quality Trichlorosilane (TCS) production facilities. TCS is the main raw material used in the production of polysilicon, which is essential to the solar photovoltaic (PV) industry. Roughly 75-80% of all solar panel production worldwide uses TCS. By leveraging the fast-growing solar market, SunSi expects to enjoy high top-line and bottom-line growth. SunSi is believed to be the first and only "pure play" public company in the world focused 100% on the production of TCS. In addition to its 60% ownership of its Wendeng facility in Weihai City, China, SunSi also owns certain TCS distribution rights. SunSi plans to grow through acquisition, and seeks to become the world's largest TCS producer.

KEY STATISTICS

Price as of 9/9/11	\$3.85
52 Wk High – Low	\$5.00 – 0.86
Est. FD Shares Out.	29.0M
Market Capitalization	\$111.7M
3 Mo Avg Vol	7,000
Exchange	OTC:QB

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

The News:

Earlier this morning, SunSi Energies, Inc. announced solid fiscal 4Q11 and FY11 financial results that included the Company's first-ever quarterly profit.

It is amazing that the Company did not have any revenue generated until early 2011 and given the timing of the closing of their acquisitions the results do not even reflect total revenue for the entire second half of its fiscal year.

Revenue for the quarter and the year were \$10.5M and \$15.1M, respectively, while EBITDA and net for the quarter were \$824,000 and \$598,000. Full year EBITDA and net profitability totaled \$330,000 and \$104,000.

Stock Primed for Higher Price:

In addition, to the solid financial results, SunSi continues to have the wind at its back. Management recently announced that it completed its first TCS shipment outside of China. The customer is one of the world's largest players in the space and is based in Russia.

Demand has been so strong, that the Company just executed the first phase of its capacity expansion plans that increases capacity by 50%. Demand is prompting additional expansion via M&A and management is in advanced discussion to acquire a 60,000 MT scalable TCS facility to meet customers' needs for its high quality product.

We reiterate our \$6.00 year-end price target and believe that the stock will likely gain greater visibility and a valuation 20-25% higher than current levels in the near term, as it prepares for a move upstream to the AMEX or the NASDAQ. Management remains on track to meet or exceed our CY11 estimates of \$45M in revenue and \$4M in net profit. We will review our model after management provides FY12 guidance on 9/20/11. We rate these shares Speculative Buy.

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Recent Trading History for SSIE

(Source: www.barchart.com)

SSIE - Sunsi Energies Inc. (PINKSHEETS) - Daily OHLC Chart



Mid-Morning Alert

Analyst: Robert Goldman

Rob Goldman has 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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