

Mid-Morning Alert

SUNSI ENERGIES, INC.

SunSi Equity Partner's Bold Move A Big Positive

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SUNSI ENERGIES, INC. (OTC:QB – SSIE - \$3.30)

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 6/14/11	\$3.30
52 Wk High – Low	\$3.60 – 0.86
Est. FD Shares Out.	27.7
Market Capitalization	\$91.4M
3 Mo Avg Vol	N/A
Exchange	OTC:QB

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

The News:

Earlier this morning, SunSi announced that its 40% equity partner in the SunSi's flagship Wendeng TCS facility has elected to hold onto its 1.35M SunSi shares rather than exercise its right to have it redeemed by the Company for \$2.7M. Furthermore, SunSi has now executed all of the financial obligations owed to the partner as part of the Wendeng acquisition agreement after paying the partner the agreed upon \$440K well in advance of the due date.

What does this mean?

This news is a major positive for SunSi investors for qualitative and quantitative reasons.

Qualitatively, this move is a ringing endorsement that business prospects are very strong and management is steering the Firm in the right direction.

On a quantitative basis, this step eliminates the need for SunSi to pay \$2.7M for his shares, sometime after September 18th of this year. As a result, this action potentially frees up the Company to concentrate on any modest capital raising efforts to be used for facility acquisition and expansion.

Perhaps what is more important is what we read between the lines. **We infer from this action by the Wendeng partner that business must be tracking in line with or greater than expectations and that the shareholder believes it is in his best interest to hold the shares for the long haul.** At the least this news reaffirms our investment thesis and price target and may prompt us to raise our estimates and price target in the coming weeks.

We reiterate our Speculative Buy rating and remain impressed that the stock has crept higher during a weak market. Therefore, we believe that it could break through its 52-week high very soon on its way to our \$6.00 price target.

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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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