



**N-Viro International (OTCBB: NVIC)** is a fast-growing company with a patented technology for processing wastewater biosolids (sludge) and organic waste from municipal and industrial customers and converting them to environmentally friendly agriculture and alternative fuel products. We think this is an opportunity of epic proportions and are issuing this updated report on NVIC before this \$3.00 stock moves straight to \$30.00 and want our subscribers involved before the municipalities are lining up to turn the sludge from their sewage treatment plants into clean, green, renewable energy.

NVIC recently issued a press release announcing it completed a small financing at \$2.50 per share. NVIC 's conservative management team only raises money for expansion and this time is no different. The money will be used to complete a one of a kind mobile system, which can be transported from location to location. Now the gloves are off and NVIC can take its multi-million dollar business opportunity to every community and demonstrate the validity of its patented process.

NVIC is not a development stage company. It was incorporated in Delaware in April, 1993, and came public through an IPO led by brokerage firm Robertson Stephens in October, 1993.

NVIC has already proven the validity of its processes at its plants in Ohio and Florida. Not only are these plants themselves profitable, but NVIC actually covers expenses from hauling the sludge. The area also benefits. Volusia County, Florida reduced the costs for processing its biosolids and has gone from subsidizing this operation to receiving revenue through its host community standing.

This is a win-win situation looking ahead, since NVIC generates additional revenue,

which is pure profit, from the sale of its patented N-Viro BioDry and N-Viro Fuel products and technologies. Not only are there two profitable plants that have validated NVIC's technology. NVIC has indicated plans after completing tests using the mobile system to put a third facility into place in Pennsylvania, which will contribute directly to NVIC's bottom line by producing and selling alternative energy products.

These trading levels are a recommended buy-point to own the next technologically innovative company that could potentially control the multi billion alternative energy market. The opportunity to buy shares at the ground floor in the processor of wastewater biosolids with a technology like N-Viro Fuel is somewhat of an anomaly on Wall Street. In our opinion, expanding market attention will certainly soon attract robust daily interest, initial buy orders should be placed without hesitation. In our opinion, NVIC has the potential to make its shareholders very wealthy. We expect at least a ten-fold move in the stock price.

#### **N-Viro Fuel**

N-Viro Fuel™ is a patented biomass fuel that has the physical handling characteristics similar to coal. N-Viro fuel is created from municipal biosolids and other organic wastes such as livestock manure, food waste and paper pulp sludge by-products. The resultant product is blended with coal or other feeds and burned as a coal substitute in conventional power plants. The blended fuels perform well compared to coal alone as proven in a full test performed at the Michigan State University T.B. Simon Power Plant in 2007; air emissions were below regulatory limits, and the boiler performed normally.

An additional advantage of the waste biomass-derived fuel is the ammonia that is

**OTCBB Symbol: NVIC**  
**Current Price: \$2.45**  
**Shares Outstanding: 5.1 million**  
**Market Cap: \$12.5 million**  
**52 Week Trading Range:**  
**52-Week Low: \$1.01**  
**52-Week High: \$3.80**  
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Since December 1989 N-Viro International Corporation has operated the City of Toledo's N-Viro Process facility that treats approximately 150 wet tons per day, or approximately 40,000 tons annually, of anaerobically digested sludge.



Many state governments have mandated that a certain percentage of all energy generated by electric utilities must come from renewable sources. The Florida PSC is requiring the state's utilities to generate 20 percent of their power from renewable resources by 2020.

released from the wastes in the process. This ammonia is available to be used as a substitute for ammonia or urea for NOx removal. The biofuel provides cost effective solution that has a positive environmental impact.

In our opinion, N-Viro Fuel presents a compelling business opportunity for NVIC with multiple revenue streams and cost savings.

NVIC benefits from both waste disposal and energy generation. NVIC benefits from power generation revenue, renewable and carbon credits, and cost savings where more costly fuels are displaced. N-Viro Fuel also provides environmental benefits by providing a lower sulfur content fuel for coal fired plants and goal of lower future carbon dioxide ( CO2 ) emissions reduction. Not only does NVIC generate revenue from the end product, N-Viro Fuel, it also generates fees from the pick-up, trucking, and disposal of waste.

### N-Viro Soil

The N-Viro Soil is a process for the treatment and recycling of bio-organic wastes combined with alkaline by-products produced by other industries. The N-Viro Soil Process has been commercially utilized for the recycling of wastewater sludge from municipal wastewater treatment facilities for years. N-Viro Soil produced according to the N-Viro Process specifications is an "exceptional quality" sludge product meeting regulatory standards.

The N-Viro Process involves mixing the wastewater sludge with an alkaline admixture and then subjecting the mixture to a controlled period of storage, mechanical turning, and accelerated drying where the sludge and the alkaline mixture are blended. This stabilizes and pasteurizes the sludge, reduces odors to acceptable levels, neutralizes or immobilizes toxic components and generates N-Viro Soil™, a product which has a granular appearance similar to soil and has multiple commercial uses. These uses include agricultural lime, soil enrichment, topsoil blend , landfill cover, and land reclamation.



### Facilities

Keep in mind, NVIC has succeeded over the past few years in growing its operating revenue with its facilities in Ohio and Florida. The Company also announced recently the opening of a new mobile facility in Pennsylvania that can lead to a full facility in the near future. The possibility is here to convert the Ohio and Florida facilities into N-Viro Fuel processing facilities. We expect explosive price action in the stock when this happens and we want to be there first to capture the lion's share of the profits.

### Renewable Energy Legislation

Many state governments have mandated that a certain percentage of all energy generated by electric utilities must come from renewable sources. The Florida Public Service Commission is requiring the state's utilities to generate 20 percent of their power from renewable resources by 2020. This will dra-

stically change the landscape for renewable energy applications for a state that gets less than 3 percent of its power from renewable energy. The proposal calls for 7 percent renewable energy by January 2013, 12 percent by 2016, 18 percent by 2019 and 20 percent by end of 2020.

Pennsylvania requires that 18 percent of all energy generated in the state come from alternative and renewable sources by 2021.

The Ohio legislature passed a bill requiring 25 percent of Ohio's energy to be generated from alternative and renewable sources, of which half or 12.5 percent must derive from renewable sources.

### American Recovery and Reinvestment Act

*We know the country that harnesses the power of clean, renewable energy will lead the 21st century." — President Barack Obama, address to Congress, Feb. 24, 2009.*

Obama has made no bones about his intention to transform America's energy infrastructure into a big, green machine. And with an overwhelmingly Democrat House and a supermajority in the Senate, the country's energy generation and delivery systems are likely to get greener and greener in the years ahead.

In fact, last year's American Recovery and Reinvestment Act, i.e., the stimulus bill, was crammed full of initiatives to make our world a better place to live. Renewable energy was one of those initiatives. The stimulus bill included more than \$70 billion in direct spending and tax credits for clean energy, which included \$6 billion in subsidized loans for renewable energy projects.

In addition to the green spending spree, other legislation has been passed recently that's designed to help spur growth in the alternative energy sector. Clearly, the Obama administration, Congress, and most U.S. citizens are in favor of alternative solutions to the nation's dependence on foreign energy sources. Moreover, most Americans believe it's a good idea to get our energy from clean sources, provided that energy is cost efficient.

## Financial Results

For Q1 2010 total revenues were \$1,372,000 compared to \$1,351,000 for the same period of 2009. Operating expenses increased substantially for the Q1 2010 over the comparative prior year period, which resulted in an increased loss for 2010 compared to 2009. As a result, NVIC posted a net loss of \$1,143,000 for the Q1 2010 compared to net income of \$20,000 for the same period in 2009, which was an increase in the loss of \$1,163,000. The increased loss was primarily due to increases in payroll and consulting fees. The bulk of this was paid in stock, so of the total \$1,117,000 increase in payroll and consulting costs, \$1,092,000 were non-cash costs relating to the

issuances of stock and stock options. In our opinion, company's that issue stock and stock options as compensation usually perform better than those who do not. We believe the same will hold true with NVIC.

For fiscal 2009, NVIC reported gross revenue of \$5.02 million versus \$5.00 million for fiscal 2008. NVIC also improved their gross profit margin by 7.3%, and reported gross profit of \$1,109,000 for 2009 versus \$742,000 for 2008, which was an increase of 49.5%. For fiscal 2009, NVIC recorded a net loss of \$2.41 million versus a net loss of \$1.15 million for 2008. This increased loss of \$1.26 million was primarily due to an increase of \$1,134,000 in payroll and \$359,000 in consulting fees as discussed above.

Moving forward, NVIC continues to modify its business model, evolving away from sales of alkaline admixture and royalty-based revenue agreements that typically generate a higher gross profit margin, to long-term and sustainable revenue based on integrated N-Viro technology and operations, but typically generating a lower gross profit margin.

In our opinion, this shift should allow NVIC to enhance future revenue and profits through growth, efficiency and revenue optimization. We believe this change in strategy could be one of the single most important factors in the catalyst that could take NVIC shares from \$3.00 to \$30.00. As sales of N-Viro Fuel increase with every major contract, the result should be steady, sustainable increases in revenue and net income. This is one of the reasons we believe shares of NVIC should be purchased now, at these levels, before N-Viro Fuel sales increase revenues rapidly.

## Summary

Current data suggests the current municipal biosolids industry is between 7 & 8 billion dollars domestically. Municipalities must focus on

their responsibility to treat waste water, provide safe drinking water and ensure the safe disposal of solid waste. In our opinion, NVIC could see a significant increase in sales by deploying its N-Viro Fuel technology at strategic municipal locations which could position the Company to capture just a small percentage of the biosolids industry. NVIC recently obtained the necessary permits to allow them to operate a full-scale N-Viro Fuel facility utilizing biosolids from several Pennsylvania municipalities. The specific intent of this facility is to produce N-Viro Fuel that will be utilized in full-scale tests with specific power generating utilities. The permits were issued for a one year term of operation. Since the facility is fully portable, NVIC expects to utilize this facility at other locations in the future. As NVIC proves its ability to produce cleaner renewable biomass fuel from biosolids, we believe its industry presence will grow. We also believe NVIC should be able to attract other waste generating industries which have waste products that can be transformed into renewable fuels through the N-Viro processes.

The stage is set for NVIC to move higher. Much higher. Incentives have been provided by the federal government. Mandates have been handed down at the state level to electric utilities to use alternative fuels. NVIC has already proven the validity of its process at its plants in Ohio and Florida, and has the experienced management to benefit from the new operating landscape.

The magnitude of contracts to come could be so immense, shares of NVIC could double, or triple, in a matter of trading sessions. Once again, with N-Viro International, we are first to uncover an emerging technology company that is sure to become one of North America's future industry leaders. Wall Street will soon be onboard – and YOU are about to have a lot more money as an early NVIC shareholder.