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SOUTHRIDGE ENTERPRISES, INC.

(OTCBB: SORD)

\$0.11

BUY

August 20, 2007

Earnings Estimates

EPS	2008	2009	2010	2011	2012
Optimistic Case	0.052	0.162	0.274	0.285	0.296
Base Case	0.023	0.091	0.167	0.193	0.22
Pessimistic Case	0.016	0.071	0.131	0.156	0.181

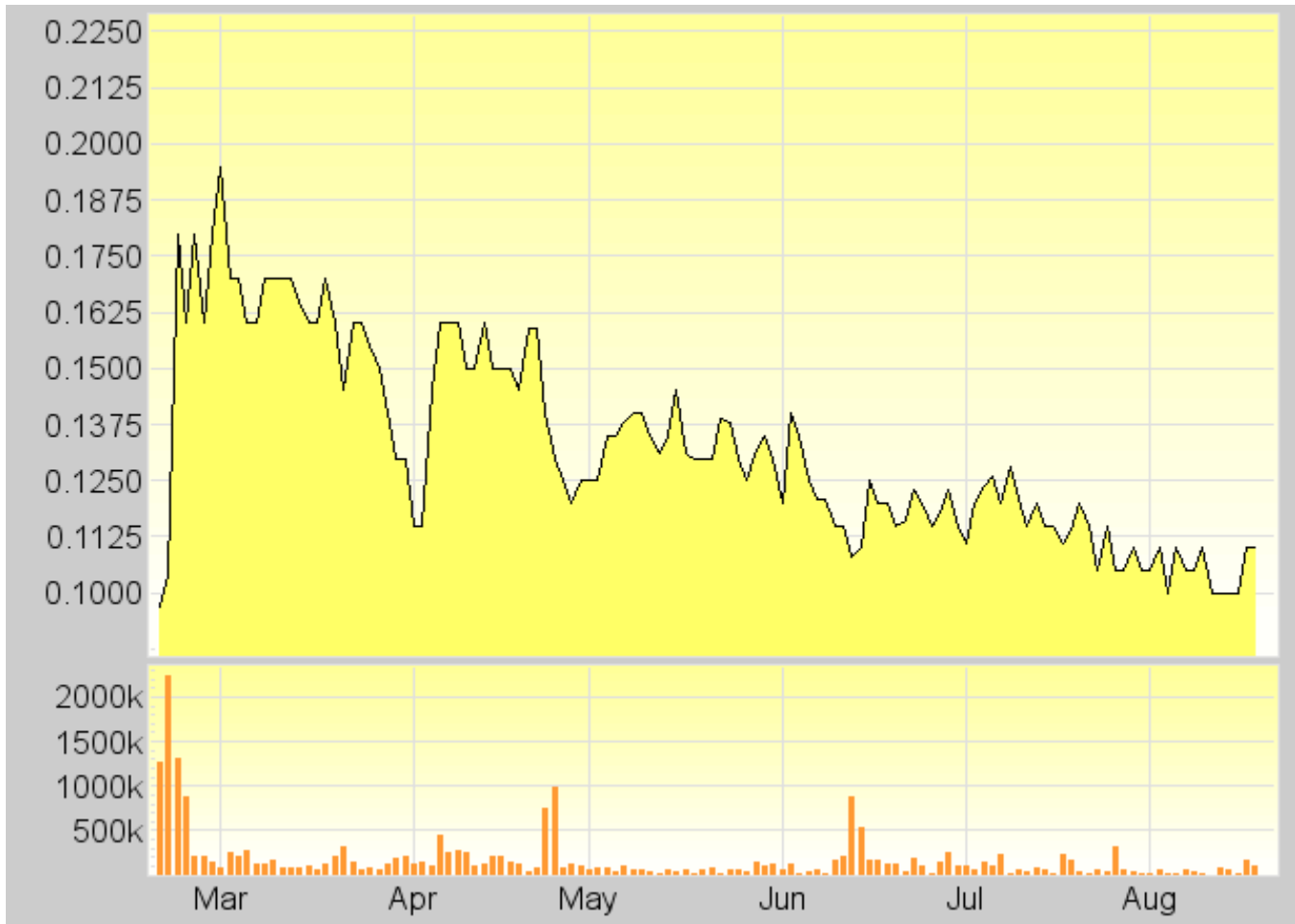
Price Targets

Share Price	2%	3%	4%	5%	6%
Optimistic Case	0.88	0.94	1.00	1.06	1.14
Base Case	0.46	0.50	0.55	0.60	0.66
Pessimistic Case	0.24	0.28	0.31	0.36	0.41

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Price and Volume



	Last Month	Last 3 Months	Last 6 Months	Last 9 Months	Last 12 Months
High Price	0.11	0.14	0.2	1.16	1.9
Low Price	0.1	0.1	0.1	0.09	0.09
Close Price	0.11	0.13	0.18	0.96	0.08
Total Volume	608,600	5,828,600	14,932,000	50,516,600	57,799,500
Average Daily Volume	46,800	106,000	125,500	283,800	239,800
Price Change vs Market (%)	101	90	59	11	124

	Last 4 Weeks	Last 13 Weeks	Last 26 Weeks	Last 52 Weeks
High Price	0.12	0.14	0.22	1.9
Low Price	0.1	0.1	0.09	0.09
Close Price	0.12	0.13	0.11	0.08
Total Volume	1,031,500	6,438,900	21,185,700	57,799,500
Average Daily Volume	51,600	102,200	168,100	231,200
Price Change (%)	-8.3	-15.4	0	37.5
Price Change vs Market (%)	97	89	101	124



5 Day Moving Average	0.1	200 Day Price Index vs Market (%)	7
10 Day Moving Average	0.11	Price Momentum This Week (%)	66
10 Week Moving Average	0.11	Price Momentum Prior Week (%)	64
30 Week Moving Average	0.14	Beta (60 Month)	61.62
200 Day Moving Average	0.33	Beta (36 Month) Average	63.28
Daily Vol. As % Of 10 Day Avg. Vol.	182	Current Market Value	5,684,250
This Week Vol. Times Week's \$ Change (\$000s)	4	Market Value As % Of Revenues	0
This Week's Dollar Volume (\$000s)	42	Reported Shares Out. (2007/06/30) (#)	51,675,000
Weekly Volume As % Of Shares Out.	0.76	Balance Sheet Shares Out. (2007/05) (#)	51,675,000
Liquidity Ratio (\$000s)	2.1	Float (#)	0
On-Balance Volume Index Last 4 Weeks (%)	31	Float As % Of Shares Outstanding	0



Overview of Company Operations

Southridge Enterprises, Inc. (OTCBB: SORD) is a development stage company established to produce and sell ethanol and its by-products in Southeast United States. Southridge plans develop and establish ethanol manufacturing facilities in Sledge, Mississippi, which offers abundant supply of corn, superior transport infrastructure and production incentive for ethanol manufacturers. The Company intends to become the ethanol producer of choice by employing the most advanced cellulosic ethanol technology and benefiting from the strategic location of its production facility. The Company plans to accelerate its growth through a two-phased strategy. Southridge would first establish a 10 MMGY plant in 2008 and subsequently increase production to 60 MMGY by 2010. Production incentives from Mississippi will help the company become a low cost producer. Southridge Enterprises an exciting investment opportunity. The company is backed by a strong experienced management team. It is the only ethanol producer in the state of Mississippi.

Southridge Enterprises, Inc. was incorporated on May 04, 2004, in the State of Nevada. The Company originally planned to explore mineral properties in British Columbia, Canada through its subsidiary Southridge Exploration, Inc. After the review of its mineralization data, however, the Company abandoned its mineral exploration activities. Currently, the Company, through its subsidiary Southridge Ethanol, Inc. is engaged in securing the required financing to establish an ethanol production facility in Mississippi.

The Company intends to build and operate a 60 MMGY production facility in Sledge, Mississippi. Southridge plans to complete the first-phase of construction and begin one line of production (10 MMGY) by 2008. Southridge also intends to expand its production capacity to 60 MMGY by 2010, and 100 MMGY between 2012 and 2013.

The 10 MMGY plant is likely to be Southridge's first step in the development of a bio-refinery complex. The Company's bio-refinery shall subsequently include stover gasification systems to reduce fuel costs. Southridge also plans to establish an accredited technical training school that will serve the training needs of a growing ethanol market. After the success of its first biorefinery complex, Southridge Ethanol, Inc. plans to build other such complexes.

At present, Southridge is focused on development of its first ethanol production facility rather than the bio-refinery complex. As a result, the Company is currently engaged in securing the required financing for both phases of expansion and creating strategic partnerships to ensure smooth functioning of the business.



INVESTMENT SUMMARY

We reiterate our BUY rating for Southridge Enterprises, Inc. (OTCBB: SORD) with a target price range of \$0.46-0.66, as per our Base Case forecast. Southridge's initiatives aimed at utilization of advanced cellulosic ethanol production technology give it a competitive edge. The Company's competitive position is further strengthened as it is currently the only ethanol producer in Mississippi. This coupled with the Company's robust expansion strategy present a promising outlook for the Company's growth. The Company is also likely to succeed due to its experienced management team. The management's ability to negotiate and enter into agreements with industry partners should enable Southridge to achieve high quality and increased efficiency. Based on these factors, we think Southridge is ideally positioned within the ethanol industry to become one of the industry's largest and most successful companies in the Southeast United States.

INVESTMENT HIGHLIGHTS

- The Company plans to setup its first ethanol plant in Sledge, Mississippi, in Quitman County. The location of the plant in the State of Mississippi gives the Company an opportunity to take advantage of various initiatives offered by the government. Furthermore, the plant has easy access to corn supply from western Mississippi with approximately 15 grain elevators situated around the proposed plant. The strategic location of the plant is expected significantly improve the Company's profitability. Southridge being the first company to develop a new-large scale ethanol manufacturing facility in Mississippi is likely to establish a leadership position within the Southeast United States.
- Southridge has made its foray in the cellulosic ethanol market. Recently, the Company signed an agreement with Celuhol Biotech, Inc. to utilize its advanced cellulosic ethanol manufacturing technology to produce fuel-grade ethanol. This technology processes woody wastes and switchgrass for the production of ethanol. The use of these raw materials is expected to reduce Southridge's production cost considerably. We believe that the use of this new technology will optimize Southridge's global position within an extensive renewable fuels market and particularly in the commercialization of cellulosic ethanol production technologies.
- Southridge's management team brings a critical assortment of varied, yet complementary competencies with the senior management having extensive experience in the energy field including ethanol production, sales and marketing. The Company is expected to benefit from management's existing relationships with partners in the value chain. To further enhance the strength of its top management, the Company has engaged the services of advisors and contractors who are experts in their respective fields. This, we believe, is likely to improve its operational efficiencies, going forward.
- Growing concerns over an uninterrupted supply of oil from unstable Middle Eastern countries and increasing demand from developing nations has led to an increase in oil prices over the past few years. Escalating oil prices and growing dependency on foreign oil have led the U.S. Government to



increase its support for domestic production of economic alternative fuels including ethanol. Increasing concerns over the global warming effects of greenhouse gas emissions from conventional fuels has led to increasing support for alternative fuels such as ethanol. In the wake of this growing apprehension, the U.S. Government is actively promoting the domestic renewable fuels industry through favorable legislation, government mandates and subsidies. The Energy Policy Act of 2005 created the Renewable Fuels Standard (RFS) which nearly doubles the obligatory consumption of renewable fuels, from 4 billion gallons a year in 2005 to 7.5 billion gallons in 2012. This provides significant opportunities for ethanol producers such as Southridge.

KEY DEVELOPMENTS

Strategic location of plant provides opportunity

Southridge has taken advantage of the strategic location and incentives offered by the State of Mississippi and located its plant in Sledge, Mississippi, in Quitman County. This makes Southridge the only company to build an ethanol production facility in Mississippi, giving it a competitive advantage.

The state government of Mississippi has adopted several policies that are beneficial to the ethanol industry including a production incentive \$0.20 per gallon of ethanol. The State provides this incentive to local producers on the first 30 MMGY of ethanol produced each year and the program is valid until 2015.

Furthermore, the state also has access to an abundant corn supply, and a reliable and competitive rail network which gives it a strategic advantage in terms of serving ethanol markets in

the western United States. The Company has located its plant to take maximum advantage of this rail network with nearly 15 grain elevators situated around the proposed plant. This ensures a relatively uninterrupted supply of corn to the plant. These advantages are expected to provide Southridge significant cost benefits, enhancing its business model.

As the ethanol industry continues to mature and production processes become standardized, companies will have to reduce costs in other areas of the value chain to remain profitable. After raw material and energy costs, transportation costs form the largest percentage of costs incurred by ethanol producing companies. Southridge's strategic location and efficient infrastructure will ensure smooth and profitable operating conditions.

Foray into the cellulosic ethanol market expected to drive growth

The emergence of ethanol as a mainstream alternative to fossil fuels is raising questions about the sustainability of using corn as the primary raw material. This has led to the use of technology to produce ethanol called cellulosic ethanol, from raw materials such as switchgrass and waste. Southridge has made a foray into this market by signing a letter of intent to acquire Celuhol Biotech, Inc which has developed a proprietary technology to efficiently produce cellulosic ethanol.

Celuhol's technology is based on use of woody waste and switchgrass a primary feedstock for producing ethanol. Cellulosic ethanol reduces greenhouse gas emissions (GHG) by 85% over gasoline as compared to corn-based ethanol which reduces GHG emissions by 18% to 29% over gasoline. Raw materials for producing cellulosic ethanol are abundantly available and inexpensive compared to corn-based ethanol. The net result of using cellulosic ethanol is the significant reduction in production cost.



Although the Company is bound by a confidentiality agreement, Southridge's acquisition of this technology will extend its product portfolio to cellulosic ethanol. With this technology, Southridge will be optimally positioned in the global, rampant renewable fuels market for the commercialization of cellulosic ethanol production technologies. While we believe that cellulose ethanol production is in the intermediate future, nevertheless we are optimistic about the industry using this technology long term in the future.

Strong management team to take the Company forward

Southridge's top management comprises of veterans of the energy industry, having a vast and varied experience in establishing development stage companies. Their experience in the field of alternative energy coupled with their ability to successfully conceptualize and commercialize an enterprise is likely to help Southridge in establishing its operations. In addition, management's ability to enter into strategic partnerships with key industry players along the Company's value chain will ensure the success of Southridge.

The Company's CEO Alex Smid has over 15 years of experience and has been instrumental in developing a variety of businesses from the conceptualization phase to successful commercialization and operations. He has successfully managed and built teams of professionals to create a strong corporate and operational infrastructure for different businesses.

Other top management members at Southridge include Robert Hamlin, CEO and majority shareholder of Agri Systems and Daniel Jackson, energy efficiency consultant and a passionate advocate of renewable energy. Under the leadership of its seasoned management team, Southridge is expected to operate all aspects of the business model with utmost efficiency.

Favorable industry dynamics

The United States government continues to promote the use of ethanol through various legislative and incentive programs. Senate Energy and Natural Resources Committee has passed the Energy Bill, which mandates an increase in ethanol production to 36 billion gallons a year by 2022. The government is also expected to provide incentives and authorize loan guarantees for ethanol research and facility development.

Through the Energy Policy Act (EPACT), the U.S. government expanded the tax credit for small producers from 30 million gallons of ethanol a year to 60 million gallons. The Energy Tax Act of 1978 exempts the Federal Fuel excise tax for gas stations blending 10% ethanol with gasoline. The Transportation Efficiency Act further extended the ethanol tax incentive through 2007. These tax incentives are expected to further encourage the use of ethanol.

The Energy Bill passed by Senate Energy and Natural Resources Committee mandates reduction in gasoline consumption by 45% and replacement of one-quarter of gasoline with ethanol by 2030. This coupled with various government incentives is expected to increase demand for ethanol in the U.S. In addition, with corn prices stabilizing, ethanol producers are expected to reap higher margins.

With demand for corn-based ethanol increasing, U.S. corn prices doubled from \$2 per bushel in August 2006 to \$4.37 per bushel in February 2007. However, prices of corn are expected to stabilize in the future as more and more farmers in the U.S. increase their corn production to meet the growing demand. This is expected to benefit companies such as Southridge.



FINANCIAL PERFORMANCE OVERVIEW

Southridge, being a development stage company, did not generate any revenues Q3 FY2007. The company's expenses increased significantly during the quarter from \$1,580 in Q3 FY 2006 to \$150,036 in Q3 FY2007. Total expenses increased primarily as a result of increase in General and Administrative expenses from \$1,580 to \$104,415 in Q3 FY2007. In addition to this during the quarter Southridge also incurred additional expenses of consulting fees (\$45,000) and Investor relation expenses (\$621) compared to no such expenses in Q3 FY2006. Southridge also incurred interest expense of \$16,032 in Q3 FY2007 as a result of the higher line of credit and demand loans. Consequently, the company reported a net loss of \$166,068 in Q3 FY2007 compared to a loss of \$1,580 in 3Q FY2006.

CONCLUSION

We reiterate our BUY rating for Southridge Enterprises, Inc. (OTCBB: SORD) with a target price range of \$0.44 - \$0.66, as per our Base Case forecast. We believe the demand for renewable fuels will grow rapidly in the coming years as a result of both government policies and high oil price trend. Southridge Enterprises is well positioned to capitalize on the growing demand for renewable fuels. Strong growth drivers including rising cost of fossil fuel, demand towards a cleaner renewable fuel and laws promoting increased ethanol production provide an optimistic background for the ethanol industry. The Company's strategic location which presents an opportunity to take advantage of various incentives offered by the State of Mississippi present an encouraging outlook for its growth. In addition to this the Company is also likely to benefit from its strong and experienced management team which is likely to facilitate negotiations and agreements with industry partners. Based on these factors, we recommend purchase of Southridge common stock for long-term risk-averse investors.

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APPENDIX

Income Statement

	For Three Months Ended May 31,	
	2007	2006
Revenues	-	-
Expenses		
Consulting fees	45,000	-
General and Administrative	104,415	1,580
Investor Relations	621	-
Mineral Property costs	-	-
Total Expenses	150,036	1,580
Other Income (Expense)		
Interest Expense	(16,032)	-
Net Income (Loss)	(166,068)	(1,580)
Weighted Average Shares	51,675,000	51,675,000
Loss Per Common Share	(0.003)	(0.000)

**Balance Sheet**

	May 31, 2007	August 31, 2006
ASSETS		
Current Assets		
Cash and cash equivalents	3,412	7,548
Land	375,000	-
TOTAL ASSETS	378,412	7,548
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Account Payable	148,215	25,144
Demand loans – related party	118,548	-
Interest Payable Total Current Liabilities	37,721	-
Non-current Liabilities	304,484	25,144
Line of Credit	812,717	-
Total Liabilities	1,117,201	25,144
Stockholders' Equity		
Common stock, \$0.001 par value, authorized 100,000,000 shares, 51,675,000 issued at May 31, 2007 and August 31, 2006	51,675	51,675
Additional paid-in Capital	41,038	41,038
Deficit accumulated during development stage	(831,502)	(110,309)
Total stockholders' equity (deficiency)	(738,789)	(17,596)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	378,412	7,548



Cash Flow Statement

	For Three Months Ended	
	May 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	(721,193)	(2,760)
Change in non-cash working capital items:		
Increase (decrease) in accounts payable	123,071	(25,520)
Increase (decrease) in demand loans – related party	118,548	-
Increase (decrease) in interest payable	37,721	-
Net cash used in operating activities	(441,853)	(28,280)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property	(375,000)	-
Net cash used in investing activities	(375,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	-	-
Proceeds from Line of Credit	812,717	-
Net cash provided by financing activities	812,717	-
Net increase (Decrease) in Cash and Cash Equivalents	(4,136)	(28,280)
Cash and Cash Equivalents at the Beginning of Period	7,548	36,938
Cash and Cash Equivalents at the End of the Period	3,412	8,658
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest	-	-
Income Taxes	-	-



Latest Headlines

Southridge Files Air Permits with the EPA April 9, 2007

DALLAS, TX--(MARKET WIRE) -- Southridge Enterprises, Inc. (OTC BB:SORD.OB - News) (the "Company") is pleased to announce that Southridge Ethanol Inc. ("Southridge"), the Company's wholly owned subsidiary, has filed permit applications with the Environmental Protection Agency ("EPA") for its planned 60 million gallon per year ethanol production facility in Quitman County, Mississippi. The March 26 filings were submitted to the federal and state's respective environmental agency. These permits are required under the Clean Air Act to provide an analysis of emission sources prior to construction.

Southridge Signs LOI to Purchase Cellulosic Ethanol Technology April 4, 2007

DALLAS, TX--(MARKET WIRE)—Southridge Enterprises, Inc. (OTC BB:SORD.OB - News) (the "Company") is pleased to announce that Southridge Ethanol Inc. ("Southridge"), the Company's wholly owned subsidiary, has signed a letter of intent ("LOI") whereby Southridge Ethanol would acquire 100% of Celuhol Biotech Inc. ("Celuhol") technology for a combination of cash and shares of Southridge Enterprises, Inc. The closing of the acquisition will be effected by the parties pursuant to a definitive purchase agreement. If a definitive purchase agreement is signed, the parties expect to close this transaction in the second quarter of 2007.

Although the Company is bound by a Confidentiality Agreement and may not disclose Celuhol's proprietary process in detail, Celuhol's cellulosic ethanol technology calls for processing woody wastes and switchgrass to be the feedstock for ethanol production, to supplement foodstuff biomass materials such as corn and sugar cane used as the feedstock for conventional bio-ethanol production. The net result is a greatly reduced production cost. With this technology, Southridge will be optimally positioned in the global, rampant renewable fuels market for the commercialization of cellulosic ethanol production technologies.

Southridge Submits Pre-Application for a Loan Guarantee from U.S. Department of Energy January 19, 2007

DALLAS, TX--(MARKET WIRE)—Southridge Enterprises, Inc. (OTC BB:SORD.OB - News) (the "Company") is pleased to announce that Southridge Ethanol Inc. ("Southridge"), the Company's wholly owned subsidiary, has submitted to the U.S. Department of Energy (the "DOE"), a pre-application for a loan guarantee proposal for the construction of a 50 million gallon per year expansion at Southridge's Sledge, Mississippi plant.

In 2006, Samuel W. Bodman, Secretary of the DOE, outlined a government program to provide up to \$2 billion in loan guarantees to companies with new energy technologies, particularly those which reduce or eliminate air pollutants or the emission of greenhouse gases into the atmosphere.



**Southridge and ITEC Refining – Agreement on Ethanol Marketing
January 18, 2007**

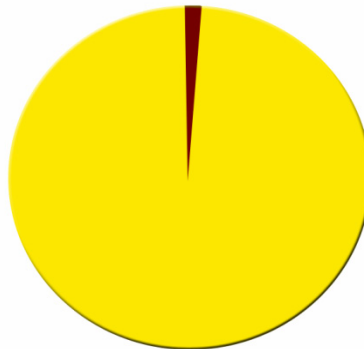
DALLAS, TX--(MARKET WIRE)—Southridge Enterprises, Inc. (OTC BB:SORD) (the "Company") is pleased to announce that Southridge Ethanol Inc. ("Southridge"), the Company's wholly owned subsidiary, has entered into an ethanol sales and marketing agreement (the "ITEC Agreement") with ITEC Refining and Marketing Company Ltd. ("ITEC") of Barrington, Illinois, USA, in relation to the ethanol produced in the Southridge plant in Sledge, Mississippi.

ITEC is dedicated to marketing fuel, industrial and beverage grade alcohols and derivative products through trading partnerships with local producers and distributors throughout Europe, Asia, Africa, Far East, North and South America. Optimization of both the financial aspects and safety in transporting container and bulk liquid products across oceans and borders is critical in maintaining a competitive and profitable edge. ITEC markets and distributes ethanol products in wide-reaching regions all around the globe and has relationships with major storage and transportation organizations.



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Recommendations: SPECULATIVE BUY 98%, SELL 2%