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TIM MORRIS
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COMPANY: PacPyro
ASX CODE: WAG
SHARES ON OFFER: 20 million
LISTING PRICE: 20c
MARKET CAPITALISATION: \$10.2m
LISTING DATE: Feb 2012

AUSTRALIA spends \$10 billion on waste management each year and costs are rising. To reduce the burden, state governments have progressively imposed levies on volumes sent to landfill.

For Queenslanders, the charge is \$35 a tonne for general waste, rising to \$150 a tonne for hazardous wastes. In NSW, the Sydney metropolitan levy is about \$80 a tonne, and is scheduled to rise above \$130 a tonne within three years.

These landfill charges are designed to improve the economics of recycling waste,

which is the primary objective of new technology listing PacPyro.

The company is set to join the Australian Securities Exchange this month via a backdoor listing.

PacPyro's ability to inspire market enthusiasm hinges on commercialisation of its slow pyrolysis technology. The process converts organic waste material into marketable fertiliser and electricity.

Suitable feedstock includes municipal green waste, timber, paper sludge and crop residue. Heating the feed stock in a kiln produces syngas and a fertile solid known as biochar.

The company has established a demonstration plant at Somersby, NSW, which has reportedly reduced processed waste volumes by 70-90 per cent.

To assess the technology's potential on a commercial scale,

PacPyro is raising \$4 million as part of its public listing. Proceeds should allow the company to secure up to an additional \$4.5m from the Victorian government, which has awarded a conditional funding agreement for a 30,000-tonne-per-annum plant.

Illustrating the technology's economic potential on a commercial scale could stimulate investor interest.

However, even with a backdrop of rising pollution charges, the investment remains highly speculative. PacPyro suggests its viability is contingent on a landfill levy above \$70 a tonne, although the primary risk is an absence of intellectual property protection. PacPyro's slow pyrolysis technology is not yet patented, meaning that commercialisation may not ensure success for shareholders.