

## CleanTech: AnaeCo gears up for global growth

Garth Lamb: WME Environmental Management News  
Thursday, 18 February 2010

**Australia's only pure play on advanced waste treatment (AWT), Perth-based AnaeCo (ASX:ANQ), has announced a \$4m capital raising and decided that, "to reach its full potential, [we] must look beyond the domestic market". It claims to be "attracting increasing interest from overseas," but this week it also attracted interest from the ASX, which questioned if it has sufficient cash to funds its activities for the next two quarters.**

The ASX issued a 'please explain' after ANQ reported its results for the quarter to December 2009, showing receipts from product sales and debtors of \$13,000, net negative operating cash flows of \$2.45m and cash reserves of \$48,000 (with loan facilities of \$645,000 available).

AnaeCo responded by pointing out that its business objectives are "on track," and the high negative cash flows in that period were due to performance trials at its showcase Perth facility, and the "burden of performance trial expenditure has [now] ceased".

It expects to reach financial close on the Perth project "within the next few months" and expects that will enable "the commencement of new revenue generating activities and cash receipts".

AnaeCo also pointed to the capital raising announced earlier this week, comprises a \$2.5 million placement to sophisticated investors (including \$1 million to director Ian Campbell, lifting his stake to 10.7% of the company) and a Share Purchase Plan for \$1.5 million, offering existing stockholders new shares at \$0.225 each.

The company's DiCOM bioconversion process is an alternative waste treatment (AWT) technology based on anaerobic digestion and aerobic composting. It diverts municipal solid waste from landfill and produces renewable energy from biogas, agricultural grade compost, and recyclables such as metal and plastic.

"Funds raised... will be applied to working capital and to support project development and business development activities as the company emerges from successful demonstration of the DiCOM System and moves towards a fully focused commercialisation mode of business," it stated.

Having recently completed six trials at its Perth plant, built for the Western Metropolitan Regional Council (WMRC), it claims to have "demonstrated the efficient and effective performance of the DiCOM system".

"Confirmation of acceptance of these trials by Palisade Regional Infrastructure Fund (PRIF) is expected soon as part of the contractual transition to the Stage 2 expansion project when the independent engineer delivers the Final Certificate of Satisfaction of performance trials."

Its other project, a \$50 million, 20-year deal with the Barwon Regional Council in Victoria, is "also progressing well," with activity tipped to increase once the WMRC independent engineer final certificate is issued.

In the meantime, AnaeCo has been refining its business model and decided it must look for international opportunities. It also points out future revenues will not necessarily only come from the sorts of projects it has pursued to date.

"Project implementation (such as WMRC and Barwon where tenders are won then DiCOM facilities are constructed to service long term waste contracts) is only one of four facets to our business model, each of which is capable of generating significant income streams globally. The other three are intellectual property (IP), plant & equipment and DiCOM products," states the company.

"[The IP] business is based on technology innovation, some of which is patented. The commercial exploitation of IP will be structured around licensing, alliances and technology transfer, with different models applicable to different geographical markets. There will also be ongoing evolutionary development of IP as innovation continues.

"Plant & equipment business is based on project management and the installation of waste management facilities for customers, and the ongoing operations and maintenance of these facilities.

"DiCOM products business is based on maximising the value of outputs from DiCOM facilities. Currently this means products which can be generated from the organic fertiliser and biogas output from DiCOM bioconversion. The organic fertilizer has an alternative use as a biofuel. The renewable energy which may be generated from the biogas and the biofuel will be commercialised in energy/carbon markets."

The company said that during the technology demonstration phase, "it became increasingly apparent that significant global opportunities were available at different levels of the value chain (the four facets) and as we make the transition into a fully commercially focused business it is time to accelerate the development of systems that will be drivers of growth.

"Action plans have been developed which require resourcing, that is enabled by this capital raising." END