

Masada Raising \$60M For D.R. Waste-To-Fuel Project

BY JONATHAN SHIEBER (JONATHAN.SHIEBER@DOWJONES.COM)

12/17/2007 – Masada Resource Group LLC, a privately held developer of municipal solid waste-to-fuel projects, is planning to raise \$60 million in project finance for its latest endeavor in the Dominican Republic, Clean Technology Investor has learned.

Based in Birmingham, Ala., Masada Resource has spent the last several years working with the Tennessee Valley Authority and the Department of Energy to develop cellulosic ethanol and waste-to-fuel conversion technologies, said Chief Executive Officer Donald V. Watkins, in an interview.

"To develop the technology and get U.S. and international patents, we've spent over \$41 million of internal funds," Watkins said.

On Thursday the company announced that it would donate the pilot plant facilities and equipment acquired from Muscle Shoals, Ala.-based TVA to Auburn University in Auburn, Ala. The University will continue to develop biofuels based on the TVA conversion technology, Watkins said.

In the Dominican Republic, Masada is partnering with RJ Zapata & Associates S.A. to develop and operate commercial-scale waste-to-ethanol and electricity production facilities in the country.

"There's a front end materials recycling facility that sorts out plastics, metal, and glass, and then the rest of the waste stream is treated through acid hydrolysis," said Watkins.

He said the municipal-solid-waste to ethanol conversion offers several advantages over food-based production techniques.

"In our process, the advantage that we have is that our feedstock cost is negative or neutral," Watkins said. "In just about every area of the world, governments pay to take garbage and dispose of it."

That payment, called a tipping fee, is the first revenue stream that the company's projects generate.

On top of the tipping fee, Masada Resource projects also generate revenue from the sale of glass and plastics, and the process produces ethanol, lignin, and commercial carbon dioxide and ash residue that can be used in sheet rock, Watkins said.

"Here you are taking a feedstock problem which is bankrupting the corn ethanol problem and turning into a revenue source," said Eric Urbani of Black Emerald, a Bermuda-based merchant bank which has worked with Masada and the company's other financial partner, Morgan Stanley, since the early 2000s.

"Our plan, now that we feel that the technology is there is to actually start building the initial plants," Urbani said. "We are looking at a European-centric financing structure, and also looking at smaller emerging market countries where you can go in and do a joint venture with a partner and start to get a few reference plants up and running in the next 12 to 18 months."

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