

Regulatory Announcement



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Bioganix PLC
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BIOGANIX PLC

Anaerobic Digestion Strategic Alliance

Bioganix plc ('Bioganix' or 'the Group'), the AIM listed waste management services group, is pleased to announce that the Bioganix directors have entered into an agreement with Kompogas AG ("Kompogas"), a Swiss-based manufacturer of anaerobic digestion systems, and Kuttner GmbH ("Kuttner"), a German engineering contractor, for the production of renewable energy from waste. The objective of the agreement is for all three parties to jointly develop the UKAD market place using a combination of each of the parties' skills and expertise.

Anaerobic Digestion

Anaerobic Digestion is the process whereby biodegradable material is broken down in the absence of oxygen inside an enclosed vessel by micro organisms. The process results in the generation of methane, carbon-dioxide (CO2) and other gases. The process also generates solid and liquid residues known as digestate. AD plants designed to produce gas for electricity generation have been operating in Continental Europe and elsewhere for many years. UK uptake of AD technology has historically been limited. The recent concerns over both waste disposal and the desire to produce "green" electricity and heat have given rise to renewed interest in AD technology in the UK. The UK Government is highly supportive of the development of AD facilities. New grant schemes for AD have recently been announced by DEFRA in addition to the recent Government announcement that energy produced from anaerobic digestion of waste is most likely going to be eligible for double Renewable Obligation Certificates ("ROC"s) in the near future.

Kompogas

www.kompogas.ch/index.php?id=13&L=1

Kompogas has been active in the AD sector since the early 1980s. The company, in conjunction with its partner companies, has built over fifty AD plants worldwide with the majority in Switzerland and Germany. Kompogas is also the operator of many of these plants. The proven plug-flow, thermophilic, dry digestion technology ensures high gas yields, reliable operation and a high quality end-product digestate. Gas from plants is used in a number of applications including:

- Generation and sale of electricity using gas engines;
- Export to the Gas Grid for domestic and commercial use;
- Use as a road fuel in specially converted vehicles.

Kompogas plants from the outside resemble typical industrial premises. All processing activities take place inside a sealed building with sophisticated odour management techniques in place. A typical 30,000 tonnes per year plant will have a footprint of approximately 1.5 Ha. with a processing building sited thereon of approximately 4,000 square metres. Electrical and heat power output from such a plant is used to power the AD process and make available a typical surplus output of 7 Mw hours of electricity per year for sale and export to the Electricity Grid and 6 Mw hours of heat per year for export to other users.

Axpo, a leading Swiss electric power producer, holds a 49 % stake in Kompogas.

Kuttner

www.kuettner.de/e-home.html

Kuttner is a German engineering contractor, which has experience of installing Kompogas AD plants. Kuttner is based in Essen in Germany and has operating divisions in approximately 12 countries worldwide. The company employs about 260 people and in 2007 had sales of €85 million. Kuttner has recently entered into a licensing agreement with Kompogas for the design and construction of Kompogas based facilities in the United Kingdom and Ireland.

UK Business Plan

In conjunction with Kuttner, Bioganix intends to build, own and operate Kompogas AD plants in the UK fed by a variety of waste streams similar to those already processed by Bioganix in the Group's existing composting facilities.

Bioganix sees significant synergies between the Bioganix and Kompogas technologies, both from operational and technical perspectives. Kompogas technology is likely to be combined with some elements of the Bioganix IVC (in-vessel composting) and associated processes, depending on waste streams and requirements. Under the terms of the agreement Bioganix has been granted the first option of offering service provision using Kompogas technology with respect to any public tenders or enquiries received by Kuttner or Kompogas, for waste recycling or AD facilities within the UK.

UK-based Bioganix/Kompogas plants, like their overseas equivalents, are likely to be sited on industrial land near to large centres of population and food manufacturing activity. Access to farm land will be important for digestate disposal as fertiliser.

Bioganix Managing Director, Nick Helme commented:

"We see this as a major opportunity for both Bioganix and Kompogas. The ability to leverage our technical development skills and knowledge of the organic waste recycling industry in UK to launch the Kompogas technology gives the joint venture a significant head start. To combine the Bioganix process with a technology that is able to generate renewable energy is an important progression for us.

"We are obviously delighted that a large and experienced builder and operator of waste recycling plants within Europe has recognised the similar skills and technology of Bioganix and selected us to be their partner to develop the UK market for recycling and renewable energy."

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