

**GRAPHITE RESOURCES LIMITED**

# Press Release

**Media embargo until 9.00am Tuesday 3<sup>rd</sup> June 2008**

**GRAPHITE RESOURCES SEALS FUTURE FOR NORTH EAST RECYCLING  
CENTRE WITH £50M DEAL**

**“Waste treated by steam – that’s the future”**

**Graphite Resources Ltd, a waste management company set up by brothers Michael and William Thompson, together with fellow director Richard Mair, today announced a circa £50 million deal to build the world’s largest steam autoclave recycling plant on the banks of the river Tyne in Gateshead, North East England. The company has also appointed Lord Kenneth Baker, former Conservative MP and Secretary of State for the Environment, as non-executive chairman.**

The deal involves equity investment from lead investor Lehman Brothers, the management team, and a group lead by Lord Baker. Debt facilities are provided jointly by Allied Irish Bank and Alliance & Leicester Commercial Bank.

“Gateshead will lead Britain in waste treatment” said Lord Baker “Steam autoclaving is a sustainable way to treat wastes whilst maximising resource recovery and value. The Thompson brothers are pioneers and the North East should be proud of leading the way to a more eco-friendly future.”

The main contractor Clugston commenced construction on Tuesday 27<sup>th</sup> May.

The Derwenthaugh EcoParc and its recycling plant will be one of the first of its type in the UK. Due to be operational in fourth quarter 2009, creating 70 jobs. With a recycling rate of over 75 per cent, it will be capable of treating 320,000 tonnes of municipal solid waste, 60,000 tonnes of light waste (kerbside, commercial and industrial) and 20,000 tonnes of green and skip waste per annum.

Michael Thompson, Chief Executive, stated, “The public are becoming increasingly aware of the need to use waste, it is much too valuable a resource to put into landfill or incinerate. We are entering the carbon economy and this project provides the UK with a head start which Councils and Industry need to take advantage of.”

The plant will dramatically reduce the tonnage of waste sent to landfill, without releasing the carbon emissions associated with incineration. It will recycle municipal (black bag) solid waste (MSW) together with a range of commercial and industrial wastes.

Richard Mair, development director said, “If autoclaving is adopted by local authorities nationally, it has the potential to revolutionise the way we think of waste. Instead of being a burden, it will be seen as a resource. The announcement of our project today, further endorses autoclaving technology in the UK.”

“Because autoclaving eliminates the need for householder participation in recycling, it also gives local authorities much greater flexibility for their future recycling strategies. It will help them to reach their recycling targets much faster and more cost effectively. It spells the end of landfill.”

Due to the ever rising levels of Landfill Tax\* and the increasing costs of operating landfill sites, autoclaving will be no more expensive than landfill in the immediate term and is also cheaper than other waste treatment options such as incineration.

Steam autoclaving is an established, well-trying and safe system which uses steam to sterilize municipal and household waste in autoclaves – large, enclosed vessels about the size of a long fuel tanker. The technology has been used for a long time in hospitals and surgeries, to sterilise equipment.

Up to 30 tonnes of (black bag) waste, either sorted or unsorted, is loaded into each autoclave and distributed evenly throughout the vessel. The autoclave rotates and steam is introduced at pressure – raising the temperature up to 160 degrees centigrade. The treatment cycle lasts for one hour during which time the waste material is broken down.

All foodstuffs, paper and organic 'cellulose' material become fibrous. Plastic is softened and reduced in volume. Tin cans, glass, aerosols, steel and aluminium are de-lacquered and steam cleaned.

When the cycle is complete, the residual waste is less than 20 per cent of the original volume. This material then undergoes separation treatment to extract additional value.

The sterilised biomass fibre known as CellMatt® can be used in many ways.

Development of uses for the fibre is ongoing and the company is very excited about the results of tests so far.

In the short-term, the plant will offer waste treatment and recycling services to regional and national waste companies and local authorities. However, it also plans to secure long-term waste treatment and recycling contracts such as that recently announced by the South Tyne & Wear Waste Management Partnership\*\*.

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## **Notes to editors**

- \*The level of Landfill Tax will be £40 per tonne when the Derwenthaugh EcoParc is opened. It will rise to £48 per tonne in April 2010 and is certain to rise further in subsequent Budgets.

As former Secretary of State for the Environment, David Miliband was quoted in a Sunday Paper in December 2006 as stating that he wanted the level of Landfill Tax to reach £75 per tonne by 2013, the landfill operator's own costs will be to add to that.

The price per tonne to treat waste in the autoclaves will be no more expensive than landfill, and will achieve a recycling rate of at least 75 per cent.

- \*\* The South Tyne & Wear Waste Management Partnership is a partnership between Gateshead, South Tyneside and Sunderland Councils that have come together to contract out their cumulative 370,000 tonnes per year of waste estimated for the next 20 years.

## **About Graphite Resources**

Graphite Resources was established by brothers William and Michael Thompson in April 2003 and was joined by Richard Mair in 2005 with the aim of changing the way that waste is managed.

Its flagship recycling plant, Derwenthaugh EcoParc, will act as the blueprint for all future Graphite Resources sites going forwards. Several more sites are planned for the coming five years. In addition, the company aims to develop a renewable energy arm and a recycled product manufacturing capability at future sites.

Visit [www.graphiteresources.com](http://www.graphiteresources.com)

## **About Alliance & Leicester Commercial Bank**

Alliance & Leicester Commercial Bank is part of Alliance & Leicester plc, the seventh largest bank in the UK. The bank offers businesses of all sizes very competitively priced banking, lending and specialist financial services, credit/debit card processing and bill payment facilities, along with market-leading rates for deposit accounts.

The bank is a founder member of the eEquip Residual Value Guarantee (RVG) scheme provided by WRAP, a not for profit company created in 2000 as part of the Government's waste strategies across the United Kingdom.

## **About Allied Irish Bank**

Allied Irish Bank (GB) is a trade mark under licence by AIB Group (UK) plc, a wholly owned subsidiary of Allied Irish Banks plc.

It has seven times been voted “Best Business bank” – 1994, 1996, 1998, 2000, 2002, 2004 and 2006 – by the Forum of Private Business. The biennial survey looks at the relationship between businesses and their banks, in particular the quality of their people and their operational efficiency. Allied Irish bank (GB) has proved best in both categories. It has been an Investor in People since 1995.

Allied Irish Bank (GB) is the Founding Partner of Ascot Racecourse, an agreement that will see the bank partner the Racecourse until 2010, including the year’s Royal Meeting. This partnership is born from the bank’s strong racing heritage and position as a key provider of financial services to those connected with the racing industry.

### **About Lehman Brothers Private Equity**

Lehman Brothers' global Private Equity business, founded in 1984, currently oversees approximately \$34 billion across 38 different fund strategies and six asset classes: Infrastructure, Merchant Banking, Venture Capital, Real Estate, Credit, and Fund Related Investments which includes fund of private equity funds, fund of hedge funds, and the Manager Access Program.

### **About Lehman Brothers**

Lehman Brothers, an innovator in global finance, serves the financial needs of corporations, governments and municipalities, institutional clients, and high net worth individuals worldwide. Founded in 1850, Lehman Brothers maintains leadership positions in equity and fixed income sales, trading and research, investment banking, private investment management, asset management and private equity. The Firm is headquartered in New York, with regional headquarters in London and Tokyo, and operates in a network of offices around the world. For further information about Lehman Brothers' services, products and recruitment opportunities, visit [www.lehman.com](http://www.lehman.com).