



Timber Queensland

July 2010

WASTE ➤ ENERGY ➤ PROFITS

WASTE OPPORTUNITIES

Today's Presentation – 3 Parts

1. GS Energy and our Objectives
2. “Waste to Energy Stations & Technology” offered by GS Energy:
 - ❑ Station Designs - Inputs and Outputs
 - ❑ G S Energy's Commitment to ongoing service and support
 - ❑ GS Energy/Corky's Technical Process
3. Case Study - Value Adding Opportunities for Sawmilling Companies / Forrest Harvesters:
 - ❑ Oakey & Injune Power and Waste Stations
 - ❑ Power Station Development program and Business Model
 - ❑ Funding Options - Construction - Operations



Part 3.

GS Energy's Product Options for Industry & Loc Gov

G S Energy offers 3 product options for consideration:

- ❑ **Option A - A Waste Management Contract**
 - G S Energy builds the Power and Waste Station/s and processes waste with a fee for service contract
- ❑ **Option B - Participation as Shareholder**
 - Waste Supplier participates as a Shareholder with G S Energy and other Investors to own and operate the Power and Waste Station/s to process waste under contract
- ❑ **Option C – Self Ownership and Operation**
 - Waste Supplier purchases and operates the Power and Waste Station/s with G S Energy's support and service



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Preferred Option B – Business Model

Waste Supplier Participates as a Shareholder

Actual Case Study: (with 3 innovative Queensland sawmilling companies)

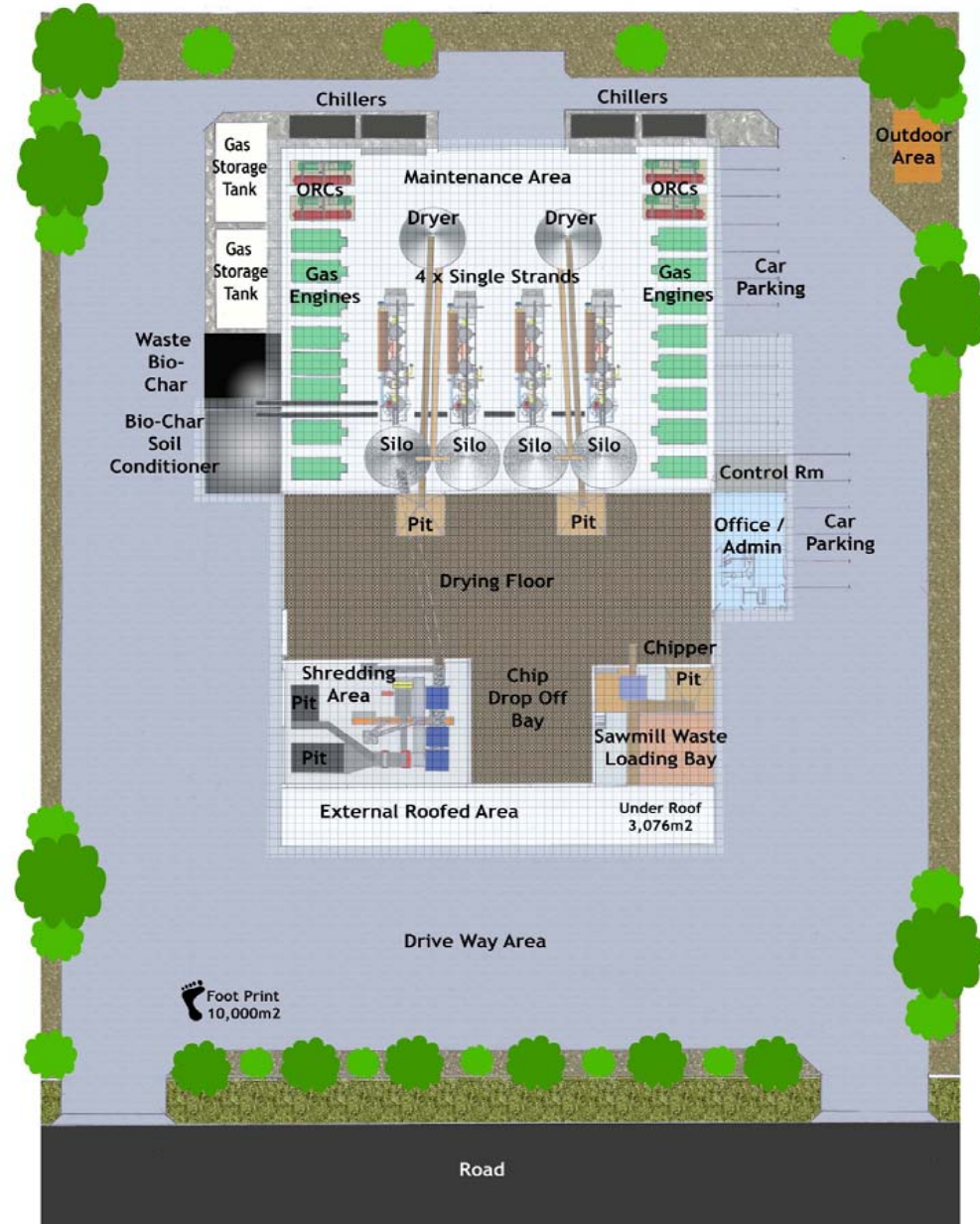
- ❑ G S Energy has established a new Power Generation Company to own and operate two Queensland Power and Waste Stations (Capital is being provided by private investors with some borrowings)
- ❑ Station 1 – Being Constructed at Oakey
 - ❑ C/Model – GSE 200 – 20.2 MW station
 - ❑ Waste Supply:
 - 165 tonnes sawmill / truss factory timber waste per day
 - 40 tonnes tyre waste per day
- ❑ Station 2 – Being Constructed at Injune
 - ❑ C/Model – GSE 100 – 7.4 MW station
 - ❑ Waste Supply:
 - 100 tonnes sawmill waste per day



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Oakey Station GSE C/Model 200

- GSE C/Model 200
20.2 MW station
 - Sawmill flitch and chip waste
 - Timber truss factory off cuts
 - Waste tyre

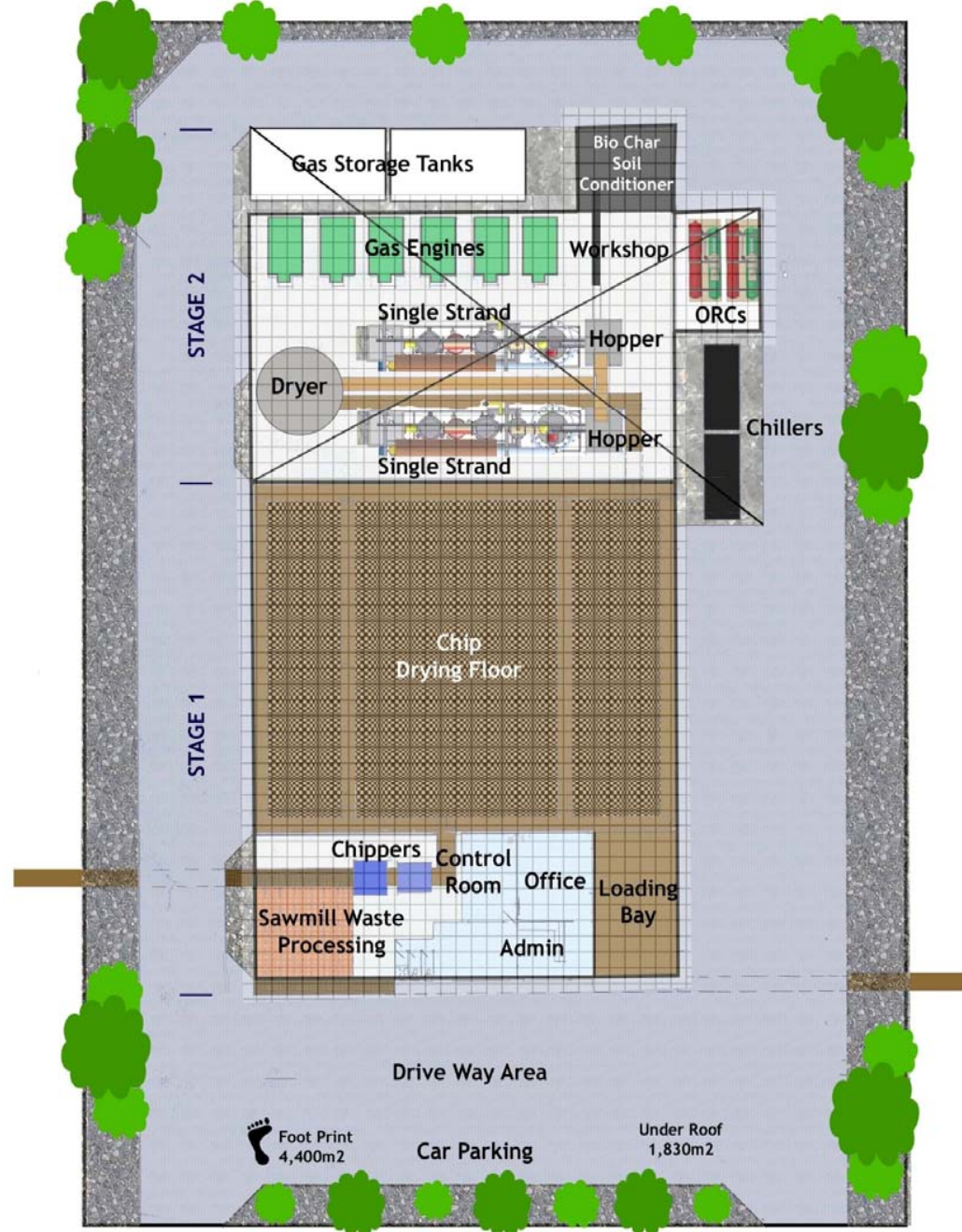


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Injune Station GSE C/Model 100

- GSE C/Model 100
7.42 MW station
 - Sawmill flitch, chip & sawdust waste



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Option B – Business Model

Supporting the Waste Providers

Actual Case Study:

- ❑ G S Energy provided major waste suppliers (Injune Cypress & 2 other Sawmills) with shareholding at no capital cost
- ❑ All “Waste Supply Contracts” are long term
- ❑ Supplier is provided electricity for sawmill operations at discounted or no cost
- ❑ Larger Suppliers are invited to have a Director on the Company Board
- ❑ The Waste Supplier is an immediate beneficiary sharing in Company equity and progressive quarterly dividends
- ❑ Power and Waste Company benefits from expertise of all waste suppliers



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Station Inputs & Returns

Station Inputs (based on current costs)

2 Power and Waste Stations	Total Capital Cost of 2 Power Stations	Proposed Value after station commencement	Tonnes of Waste Supply Daily	Annual Quantity of Waste Supplied	Estimated Waste Supplier's Equity	Shareholding by Waste Suppliers at no cost
1 x 20.2 MW x 7.4 MW	\$36 Mil (\$1.3 Mil per MW)	\$46 Mil	265 tonnes SMW 40 tonnes Tyre waste (24/7)	111,325 tonnes	\$13.0Mil	28.3% of the total company shares

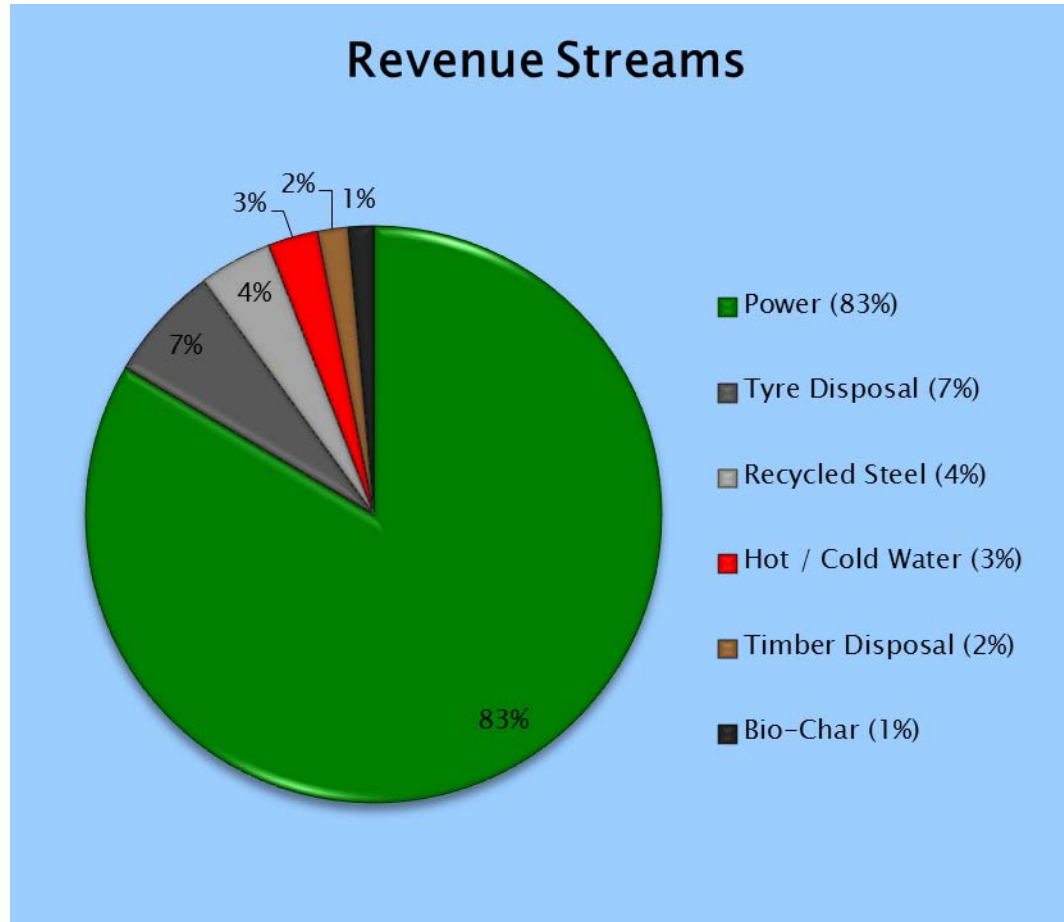
Station Outputs (based on current wholesale rates – power, steel, bio-char)

2 Power and Waste Stations	Total Value of 2 Power Stations	Gross Product Sales per annum	Total operational Costs per annum (including depreciation & regular Maintenance)	Annual Return on valuation	Annual Proposed Dividend return per tonne of waste supplied
1 x 20.2 MW x 7.4 MW	\$46 Mil	\$29.6 Mil	\$15.9 Mil	20.9% after tax (averaged over first 5 yrs)	\$23.38 per tonne equivalent after tax (assuming 30% tax)

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Revenue Streams



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In Summary

GS Energy works with Industry to design a waste solution package that works for waste suppliers

❑ Preferred Business Model - Option B

- Uses your waste as fuel
- Provides an immediate waste solution with no capital outlay for the waste supplier
- Generates immediate equity in company assets – shareholding at no capital cost
- Provides for equity growth, ongoing share dividends and power at reduced prices
- Industry representatives input into strategic outcomes through its Board of Directors representative
- Demonstrates leadership in waste management & renewable energy production and use
- Provides sustainable waste solutions and real value for waste products
- Secures equity and income for future generations while:
 - reducing methane, leachate production and green house gases
 - developing local jobs and secure futures - ALL FROM A WASTE PRODUCT

Promoting Environmental Leadership in Waste Management

Example: DIVIDENDS & SAVINGS versus RISING ELECTRICITY PRICES

Possible future Costs/Savings

As a Shareholder supplying 100 tonnes of waste per day (average per day 365 days per year)												
Current KWh Price Retail	\$0.192											
Power Price W/S - 2011	\$0.120 W/S 12 cents											
	CPI 3%											
		1	2	3	4	5	6	7	8	9	10	
Year	Yr 2010	Yr 2011	Yr 2012	Yr 2013	Yr 2014	Yr 2015	Yr 2016	Yr 2017	Yr 2018	Yr 2019	Yr 2020	
Proposed power increases	13%	10%	10%	6%	6%	6%	6%	6%	6%	6%	6%	6%
New Power price per KWh	\$0.192	\$0.217	\$0.239	\$0.263	\$0.278	\$0.295	\$0.313	\$0.331	\$0.351	\$0.372	\$0.395	
KWh Used	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Proposed Power charges by Year	\$134,400	\$151,872	\$167,059	\$183,765	\$194,791	\$206,478	\$218,867	\$231,999	\$245,919	\$260,674	\$276,315	
Price increases if controlled	13%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Price if purchasing discount power	\$0.12	\$0.14	\$0.14	\$0.15	\$0.15	\$0.16	\$0.16	\$0.17	\$0.18	\$0.19	\$0.19	
Total cost Power Used (Shareholder)	\$84,000	\$94,920	\$98,717	\$102,665	\$106,772	\$111,043	\$115,485	\$120,104	\$124,908	\$129,905	\$135,101	
Power savings per annum		\$56,952	\$68,342	\$81,100	\$88,019	\$95,436	\$103,383	\$111,895	\$121,011	\$130,770	\$141,214	
Proposed dividend based on supplying 100 tonnes per day		\$968,140	\$1,016,547	\$1,067,374	\$1,120,743	\$1,176,780	\$1,235,619	\$1,297,400	\$1,362,270	\$1,430,384	\$1,501,903	
10 Year Return supplying 100 tonnes per day average 365 days												\$12,177,161
Actual return per tonne per day		\$28	\$30	\$31	\$33	\$35	\$37	\$39	\$41	\$43	\$45	
Proposed dividends and saving per annum supplying 100 tonnes per day		\$1,025,092	\$1,084,889	\$1,148,474	\$1,208,762	\$1,272,216	\$1,339,002	\$1,409,295	\$1,483,281	\$1,561,153	\$1,643,117	
Total Potential Net Income and Savings over 10 years												\$13,175,282



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Questions



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