

Lower Mainland company readying roll-out of scrap tire recycling plant

Klean Industries Inc. set to build \$15 million facility in Delta to wring fuel and other products from old rubber

Krisendra Bisetty

The rubber is set to hit more than the road for a Lower Mainland company.

Vancouver's Klean Industries Inc. has an ambitious plan to use B.C.'s growing stacks of scrap tires to provide the raw material for a new business.

Its proposed \$15 million facility in Delta will, it claims, be the world's first tire remanufacturing plant that will also convert old tires into environmentally friendly products, including fuels.

Four million scrap tires are expected to be generated in B.C.

over the next 12 months and, with government implementing incentives to divert them from landfills, new uses, ranging from rubber mats to fuel in cement factory kilns, are being found for old tires.

But Klean wants to extend their mileage even further.

Through its newly created **Mobius Enviro-Solutions Inc.** subsidiary, the company is planning an integrated tire recycling and recovery facility that it says will be the first to use entire scrap tires.

The plant will be set up in a disused Delta concrete factory.

Using what it says are two proven technologies acquired via a licensing agreement with a Japanese company, Klean will remanufacture tires using their old casings or if they're unusable employ a carbonization or pyrolysis technology to break them down into their four constituents: steel, hydrocarbon oils, char and a synthetic gas (syngas).

"Several facilities around the world are doing both operations independently, but this is going to be the first plant where the two have been combined for a total solution," said Klean founder and CEO **Jesse Klinkhamer**.

The syngas, he said, will be used to power the facility. The extracted oil, meanwhile, will be further refined for sale as diesel fuel.

The leftover char material will be separated from the steel, recycled and refined into a multi-grade "carbon black," which can be used in different kinds of filler applications for paints and toners and plastic manufacturing, as well



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Klean Industries CEO Jesse Klinkhamer: "it leaves an extremely low footprint on the environment"

tire or capping it with a new tread, remanufacturing grinds off both the sides and tops of old tire casings.

New rubber is then bonded on and, as is done during the production of a new tire, grooved with a tread pattern.

Klinkhamer, 32, who has a background in marketing and raising funds for start-ups, said the company is close to securing financing for the 30,000-square-foot plant, which will employ 120 people.

It's aiming for a fall start-up. The plant will use an initial annual input of approximately 1.5 million scrap tires and remanufacture about 250,000 a year.

The pyrolysis equipment, which will likely to be built by North Vancouver engineering firm **Sacre-Davey Engineering**, should be in place by early 2007, said Klinkhamer. The plant is expected to be running at full capacity by next spring.

"We've got agreements locally with large-scale manufacturing companies - letters of intent to purchase all the products produced from the pyrolysis plant," he said.

The companies include cement

and asphalt manufacturers.

"As this plant gets established, our aim is to show it as local centre of excellence," Klinkhamer said.

He added that the technology is already used in up to 500 pyrolysis plants world-wide.

For **Dale Littlejohn**, technologies and companies that convert waste streams into marketable chemical products are increasingly in demand.

"It sounds like a very interesting idea. I think that's going to be a big part of the solution going forward," said the newly appointed chairman of the Vancouver chapter of the **B.C. Sustainable Energy Association**.

"When you look beyond B.C. and look towards the rest of Canada or North America, it's a massive market and also a massive problem," he said of scrap tires.

"As oil prices increase globally - and I think they're going to increase - getting oil out of the tire is going to be more and more financially attractive and there's some very significant environmental benefits from getting oil from tires rather than digging it up."

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BRIEFS

Lions Gate snaps up TV and film distributor

Vancouver-based **Lions Gate Entertainment** (TSX:LGF) has acquired **Debmar-Mercury LLC**, an independent distributor of television programming and feature film packages.

Financial details of the deal were not disclosed, but the acquisition will create a new distribution portal for Lions Gate by giving the company the capacity to syndicate its own television programming and feature films.

It will also allow Lions Gate to generate a new television distribution revenue stream from third-party franchise properties.

Debmar-Mercury, which specializes in network and cable TV syndication and video on demand, owns the distribution rights to such programs as **Comedy Central's** animated sitcom *South Park*, Lions Gate's Vancouver-produced drama *The Dead Zone* and **Sci-Fi Channel's** *Farscape* series.

Lions Gate also expanded its entertainment library by signing a multi-year deal with **Studio Canal**, a French film producer and distributor. The deal secures television, DVD and video-on-demand rights for up to 2,000 English and French titles in Canal's library. The deal will expand on Lions Gate's library of more than 5,500 titles, which includes films like *Dirty Dancing*, *Reservoir Dogs*, *Terminator 2*, *Basic Instinct* and *The Blair Witch Project*.

Lions Gate shares have been trading between \$9.55 and \$9.75 in the past week, near a 52-week low of \$8.56 and off a 52-week high of \$12.77.

Intrinsyc hit with higher losses in latest quarter

Intrinsyc Software International Inc. (TSX:ICS) absorbed some fiscal lumps in its 2006 third quarter, which ended May 31.

Quarterly losses for the Vancouver-based mobility software developer rose to \$4.7 million compared with quarterly losses of \$1.3 million in the same period in 2005. The company cited increased costs in sales and research and development as the main reason for the rise.

Research and development expenses almost tripled to \$3 million compared with \$1.1 million in 2005's third quarter. Sales costs, meanwhile, rose to \$2.8 million compared with \$2.3 million in the same period in 2005.

Intrinsyc develops software and provides engineering design services and systems integration support for voice- and data-enabled handsets using Microsoft CE.

"As oil prices increase globally ... getting oil out of the tire is going to be more and more financially attractive"

- Dale Littlejohn, Vancouver chairman, B.C. Sustainable Energy Association

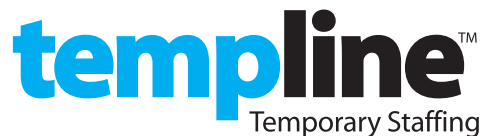
as for other rubber products.

"The manufacturing side of the facility is fuelled by the whole pyrolysis process, so it leaves an extremely low footprint on the environment and makes sure that every tire meets the highest value use," said Klinkhamer.

He added that the plant would provide the world's most environmentally friendly and lowest cost method of scrap tire disposal.

Unlike retreads, which are made by gluing a layer of pre-manufactured tread onto a scrap

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