



**PURTHANOL RESOURCES LTD.**

**EXECUTIVE SUMMARY**

## Executive Summary

PURTHANOL has been at the forefront of research & development for solutions to the problems of CO<sub>2</sub> emissions and deforestation, which the United Nations has determined are the two main contributors to global warming. Over the past several years we have advanced our technologies and proprietary knowledge past the proof of concept stage and are presently in the process of commencing large scale production of both our ethanol and biodiesel divisions.

PURTHANOL'S ethanol production is highly profitable with a pre tax gross profit margin of 60% or more, in fact our feedstock is capable of generating up to three harvests per year in tropical locations while we have based our revenue projections on only two crops per year. A successful operation can be implemented by a licensee which includes a 20 year exclusive license for a given territory, and ten modules, that will generate \$10 million in first year revenues and 60% gross profit margin pre tax. In Kazakhstan and Uzbekistan we are building good subcontracting relationship while introducing our Purthanol technology to increase the yield of the fermentation process.

PURTHANOL Biofuel's mission is to provide useful products from disposed commodities. Waste fryer grease converted into a clean burning replacement for diesel (biodiesel) will be the first of several recycling processes that produces biofuels. Expansion into the procurement of pure vegetable oil through the castor bean plant as a larger feedstock for biodiesel is our second biofuels project. Purthanol will manufacture biodiesel, a renewable fuel, from vegetable oils at various tropical locations. A typical small to medium sized production facility will have annual capacity to produce 80 million liters of biodiesel, which can be added to in future years to double or triple production capacity with modest capital expenditure. We sell our biodiesel worldwide for \$1.00 per litre or higher and our typical gross profit margin is 26% pre tax.

The biodiesel fuel we produce has the same performance features as that of conventional diesel, at a competitive price, but has the added benefit of being ecologically safe. Our biodiesel product will be sold locally or internationally.

Around 75% of the biodiesel production costs account for the purchase of the vegetable oils or animal fat required, affecting greatly the margin profits for the producers. Furthermore, glycerol, a by-product of the biodiesel production causes disposal problems. In average, a ratio of 10% of glycerol is generated from the production of biodiesel. Nevertheless, several biodiesel production plants have not invested in glycerol upgrading and sell it at an average cost of 120\$ per ton (0.15\$/L).

An R&D investment of 4 million dollars allows developing an in-house pre-industrial lipid production using glycerol which produced oil at a lower market price than wasted cooked oils.

Our management team's skills sets cover all aspects of managing both the ethanol, biodiesel and now lipid production projects, including: science, technology, production, and management, marketing and sales.

The construction of a biodiesel 20 million liter transformation facility will cost the promoter a cash injection of \$5 million USD and a 40 million liter facility will cost our promoter \$10 million USD. The promoter will own 50% of the newco and Purthanol will own the other 50%.

The construction of a lipid 20 million liter production facility will cost the promoter a cash injection of \$6 million USD and a 40 million liter facility will cost our promoter \$12 million USD. The promoter will own 50% of the newco and Purthanol will own the other 50%.

The construction of an ethanol 15 million liter facility will cost the promoter a cash injection of \$3 million USD and a 40 million liter facility will cost our promoter \$6 million USD. The promoter will own 50% of the newco and Purthanol will own the other 50%.

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