

Profit Margin Opportunity

Meat and poultry processors are facing rising operating and compliance costs (SRM, HACCP), along with shrinking profit margins. In order to offset these costs, many meat packers are looking at an on-site conversion process that turns byproduct into protein meal, glycerin and biodiesel fuel.

Tyson and BPI have recently announced joint ventures with biodiesel operators to fully realize the value of their animal byproducts. R3 Biofuels has designed a series of small refineries optimized for the small to medium sized meat and poultry processor.

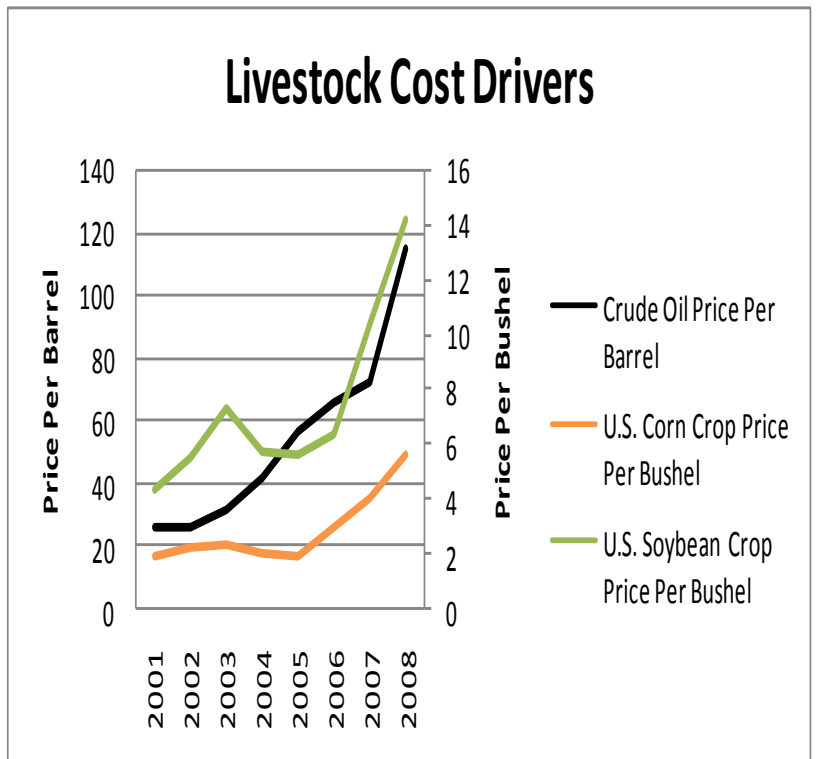
This opportunity can provide beef, pork, lamb and poultry processors with a significant income stream that could more than double their annual profits.

The Growing Biodiesel Industry

Oil reserves have been declining every year since 1981, but demand has been growing rapidly as countries like India and China develop prosperous economies. Having a stake in the production of renewable fuels will allow meat packers to capitalize on one of the fastest growing and most profitable sectors in our economy

Six Keys for Creating a Successful Biofuels Business

1. Proven rendering and biodiesel refining equipment that has been installed and successfully operated in close to 100 plants around the world.
2. A reliable supply of animal or vegetable material. The ideal model for the production of biodiesel is a partnership between a raw material supplier (meat packer) and a biodiesel operator (R3 Biofuels) that can share in the benefits of a refinery scaled for their operation.



3. An on-site location on less than one acre of land which can optimize the quality of the protein meal and tallow by processing it as quickly as possible. Protein meal created from very fresh byproduct has a higher protein content and can be sold for a higher price per ton than protein meal rendered from byproduct which has to be transported over long distances.
4. A finance group that can leverage a number of government programs offering loan guarantees, grants, and qualify for federal subsidies available to alternative fuel producers.
5. A 7x24 Network Operations Center that can monitor and manage all equipment remotely to assure optimal plant efficiency.
6. A sales and distribution group that can optimize the sale and delivery of the plant products to various commodity and fuel distributors.



The Benefits of Biodiesel

Although petroleum prices will continue to fluctuate, the long term trend upward is being driven by a growing global demand for oil combined with a shrinking level of proven reserves. Biofuel accomplishes four things for meat and poultry processors who are looking to improve their profitability:

- It allows them to realize the full value of their byproduct and increase the overall income they earn per head.
- It provides them with a hedge against rising oil prices. As oil prices rise and meat packers are unable to pass along rising costs to their customers, a bio-fuel capability can actually increase monthly income and profits.
- It can provide a lower cost access to diesel fuel for their own operations.
- It's good for the community and the country.

Results for Meat and Poultry

The result is that the best practice leaders in meat and poultry processing businesses are recognizing the opportunity to add a very high value operation to supplement the income they are already receiving from their core operations. The substitution of organic byproducts as the source of new supplies for fuel will revolutionize the meat processing industry.

