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INVESTOR RELATIONS

## News Releases: 2006

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### **QuestAir installs methane recovery system at Michigan Dairy Farm**

BURNABY, B.C. – QuestAir Technologies Inc. (AIM: QAR; TSX: QAR) announced today that it has successfully installed a M-3200 system to recover pipeline grade methane generated from animal waste at the Scenic View Dairy in Fennville, Michigan.

QuestAir's M-3200 system was purchased by [Phase 3 Developments & Investments, LLC](#), a developer of renewable energy projects in the agricultural sector, as part of a plant that generates pipeline-grade methane as well as electrical power from anaerobic digester gas. Product methane from the plant will be injected into the local natural gas distribution grid operated by Michigan Gas Utilities, a natural gas utility serving 162,000 customers in southern Michigan. The plant is expected to be fully operational during the first quarter of 2007.

Jonathan Wilkinson, QuestAir's President and CEO, said: "We are very excited to be involved in this landmark project, which we believe is the first commercial facility in North America to generate both pipeline-grade methane and electricity from animal waste. Over 1.4 billion tons of manure and other organic wastes are produced by the agricultural industry in the US each year, creating significant environmental and waste disposal challenges."

"Anaerobic digestion systems, such as the one used in this project, offer the potential to not only produce renewable energy from these wastes, but also to produce environmentally friendly biofibers and liquid organic fertilizers that can be sustainably reused in the agricultural sector," said Wilkinson.

[Norma McDonald](#), Operating Manager of Phase 3, said: "We selected the QuestAir system because of its low operational and maintenance costs. We also like the compact, skid-mounted nature of QuestAir's M-3200, since it reduces the project owner's capital costs and leaves room for additional value-added process equipment."

Constructed in the fall of 2006, the new facility at the Scenic View Dairy will generate methane-containing biogas from the anaerobic digestion of approximately 25 million gallons per year of manure, as well organic wastes from biodiesel and bioethanol plants located near the dairy. Electrical power and pipeline-grade methane from the anaerobic digester will be used to meet the total energy needs of the Scenic View Dairy, with the excess being sold to third party customers. The digester will also produce Class A biosolids and liquid organic fertilizer.

#### **Energy Recovery from Anaerobic Digester Gas:**

- Anaerobic digesters are biological systems that decompose organic wastes, including animal manure and municipal sewerage, producing anaerobic digester gas ("ADG") and digested biofibers. ADG typically contains between 50 and 60% methane, with the balance primarily carbon dioxide.
- In the US, there are approximately 100 farm-scale anaerobic digesters processing agricultural waste. The US Environmental Protection Agency estimates that anaerobic digesters could be cost effectively installed at a further 6,900 farms across the US, producing up to 6,000 GWh per year of energy from ADG.
- In Europe there are more than 3,000 farm-scale anaerobic digesters processing agricultural wastes, and 200 centralized digesters processing municipal sewerage. In most cases the methane-containing biogas from these installations is combusted to produce electrical power and/or heat. In 2005, total energy production from ADG in the European Union was estimated at 20,000 GWh, or approximately 0.8% of total electricity consumption in the EU. Energy production from the anaerobic digestion of agricultural waste grew by 58% in the EU from 2004 to 2005.
- The recovery of high-purity methane is emerging as a cost effective alternative to generating electrical power and/or heat from ADG. Methane recovered from ADG can either be injected into the existing natural gas distribution network, or used as a transportation fuel such as compressed natural gas or liquefied natural gas. There are currently over 25 plants producing high purity methane from ADG in Europe.

#### **About QuestAir M-3200**

QuestAir's M-3200 purifies methane-containing gas streams such as landfill gas and anaerobic digester gas to high purity methane, suitable for supplementing existing natural gas supplies. The M-3200's optimized Pressure Swing Adsorption ("PSA") process and proprietary rotary valve technology deliver higher efficiency than conventional PSA systems in a more compact, cost effective package. QuestAir's M-3200 system can upgrade up to 300,000 cubic feet of biogas per day.

#### **About QuestAir Technologies Inc.**

QuestAir Technologies, Inc. is a developer and supplier of proprietary gas purification systems for several large international markets, including existing markets such as oil refining, biogas production and natural gas processing, and emerging markets such as fuel cell power plants and fuel cell vehicle refueling stations. QuestAir is based in Burnaby, British Columbia and its shares trade on the AIM Market of the London Stock Exchange Plc. and on the Toronto Stock Exchange under the symbol "QAR".

#### **About Phase 3 Developments & Investments, LLC**

PHASE 3 DEVELOPMENTS & INVESTMENTS LLC provides services to agricultural customers related to renewable energy and bio-based products. Services include financing and grant application preparation, business and technical feasibility studies, marketing of renewable energy and bio-based products, including emission credits. As a project developer, PHASE 3 DEVELOPMENTS & INVESTMENTS LLC assists clients in the selection of vendors, equipment procurement, as well as the associated mechanical, electrical and controls engineering required to integrate individual pieces of purchased equipment or equipment modules. Clients may also benefit from PHASE 3 DEVELOPMENTS & INVESTMENTS LLC's construction project management and commissioning services, including coordination with permitting agencies. PHASE 3 DEVELOPMENTS & INVESTMENTS LLC is a registered Ohio company, and qualifies as a small, women and veteran-owned business.

Certain statements in this press release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements

expressed or implied by such forward-looking statements. When used in this press release, such statements use such words as "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "will" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this press release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements.

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