GRI's Fibrous Filler Technology

April 5th, 2006

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AGENDA April 5th, 2006

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- 2. Statement of Problem
- 3. GRI Technology Solutions and Innovation
- 4. Project Objective and Schedule
- 5. Status of Milestones / Key Issues
- 6. Project Output / Key Accomplishments
- 7. Commercialization Barriers / Economics
- 8. Commercialization Plan and Strategy
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- **10. Current Status**

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Background and Acknowledgements

Project Title:

Fibrous Fillers to Manufacture Ultra-High Ash / Performance Paper

- Project Number:
- Principal Investigator:
- DE-FC07-0131D14439
- Dr. Vijay K. Mathur
- Industrial Partners:
- Weyerhaeuser Company
- Grays Harbor Paper Company
- Lawrence Livermore National Laboratories
- Pennsylvania State University
- University of Washington

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Statement of Problem

Statement of Problem

The Paper Industry currently uses fillers to reduce manufacturing cost and energy consumption

The problem is that the current fillers causes a Loss in Paper Strength

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•This is due to their size, shape, and aspect ratio

This strength loss limits the amount of filler added into paper to ~15% to 18%

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GRI Technology Solutions and Innovations

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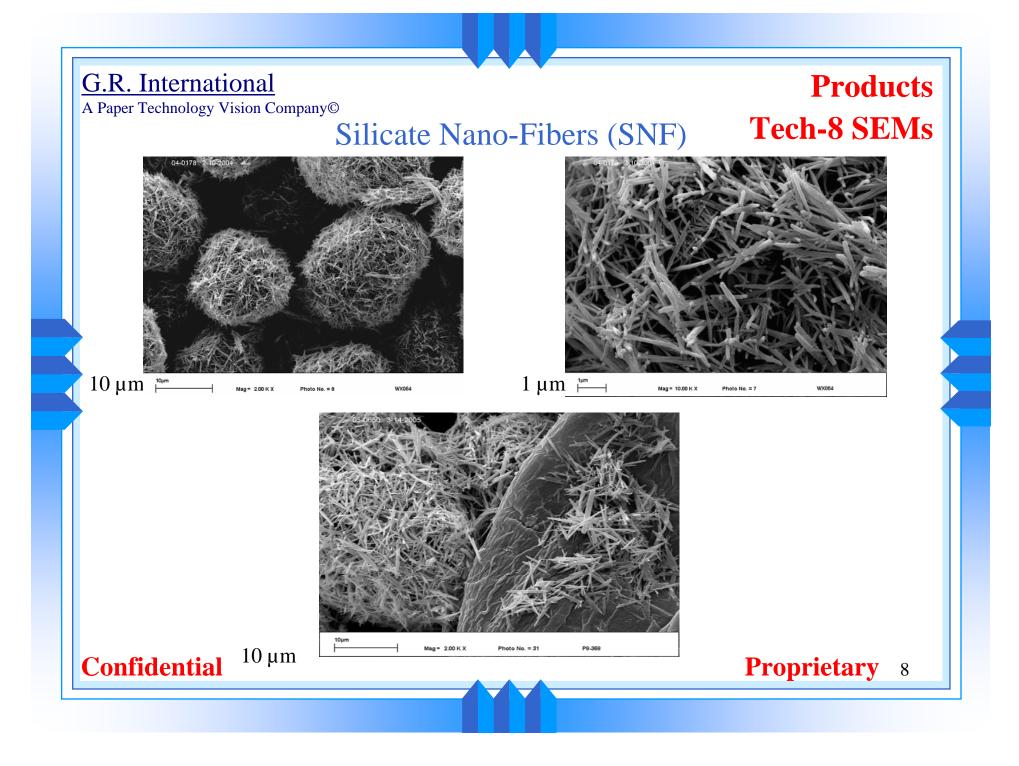
GRI Technology Solutions

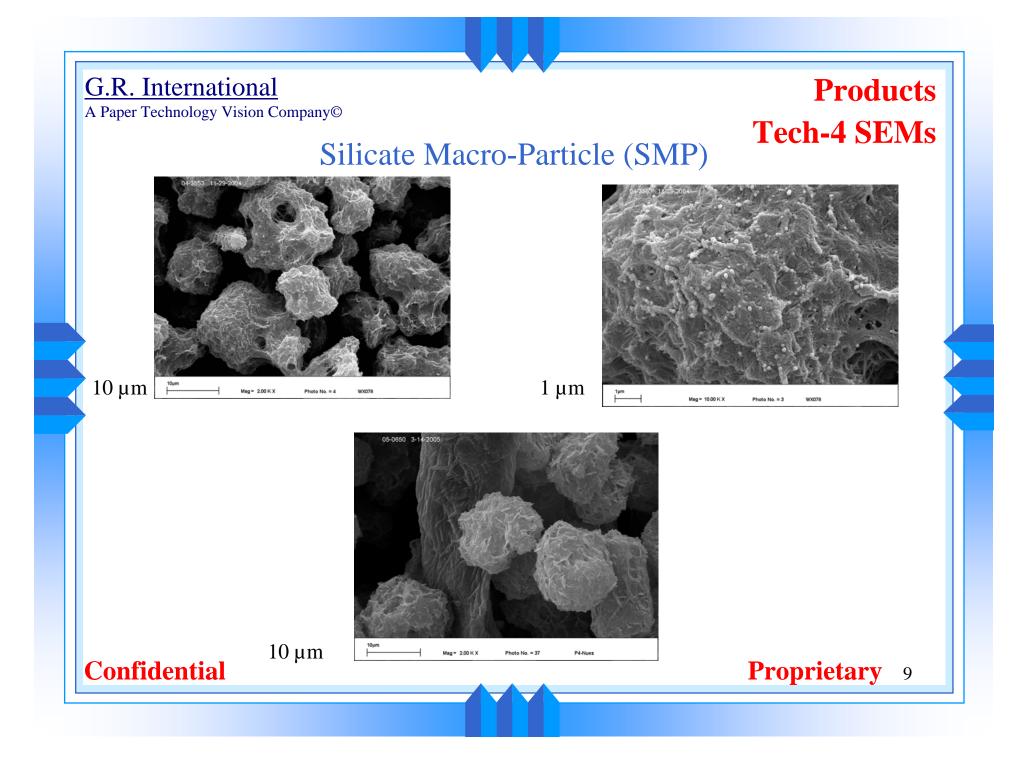
I. "Fibrous Fillers:" Patented Calcium Silicate Products

- Silicate nano-fibers (SNF / Tech-8) ultra-high opaque pigment
- Silicate macro-particle (SMP / Tech-4) ultra-high bulk pigment
- Silicate macro-particle low-drying demand (SMF-LDD / Tech-6) – lower drying demand and ultra-high stiffness (intrinsic stiffness)

II. "Super" PCC / Tech-2: Patented High Pressure Process III. Chemical Pretreatment for Fillers

(Licensed from Weyerhaeuser)

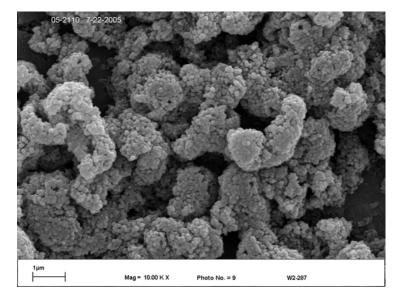




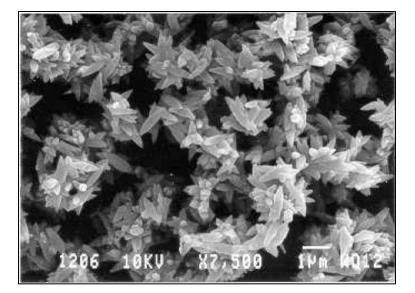


GRI's Technology

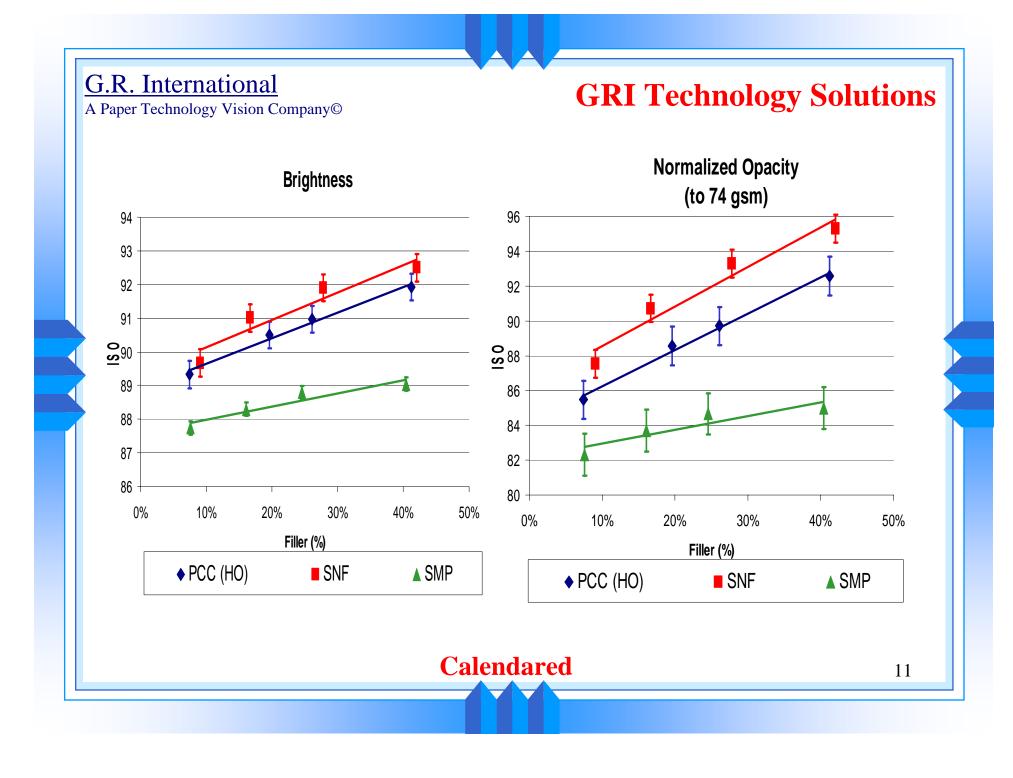
"Super" PCC for Fillers



Nano-Clustered PCC

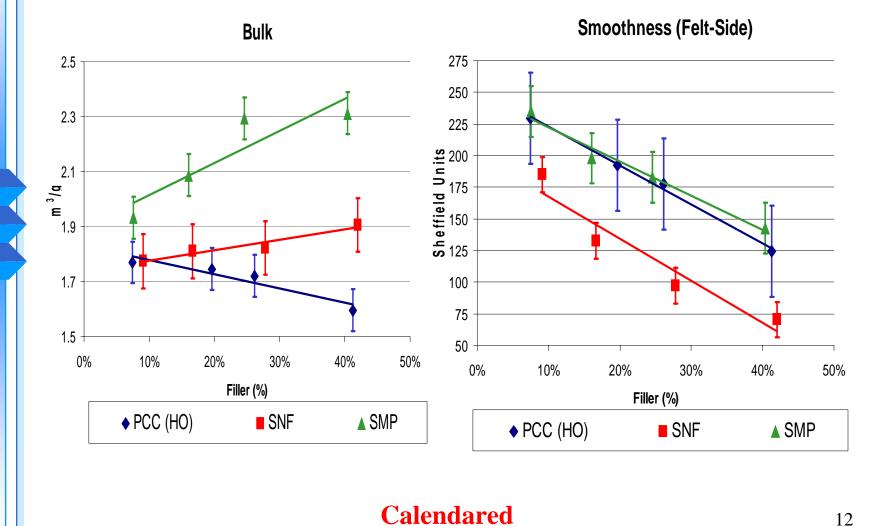


Scalenohedral

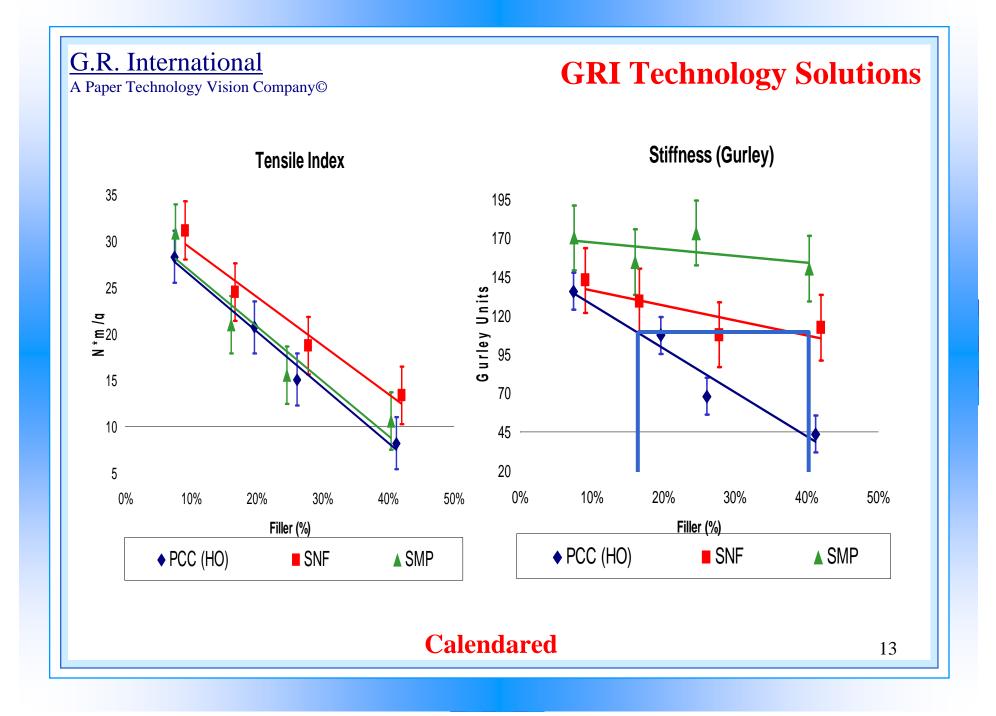


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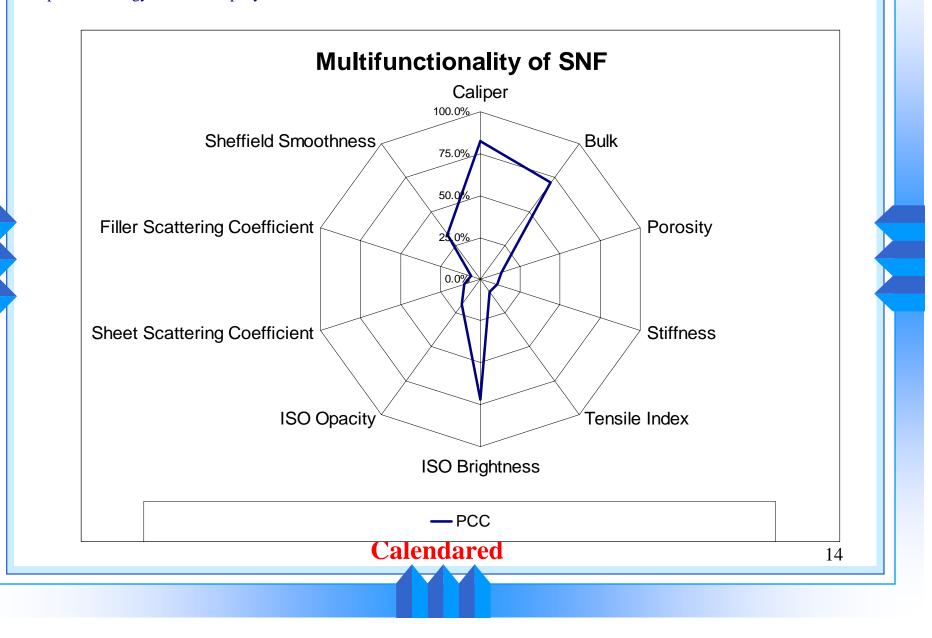
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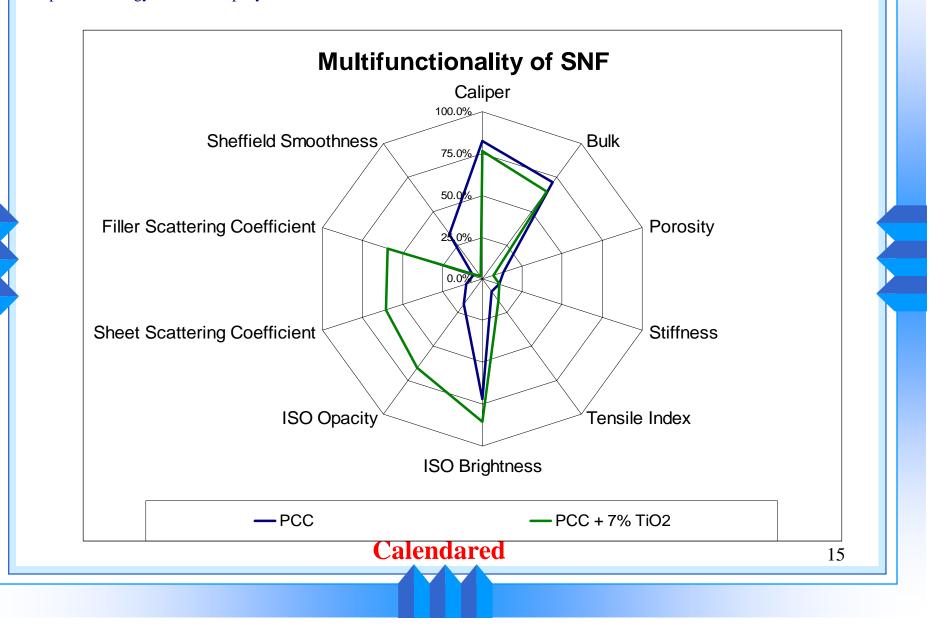
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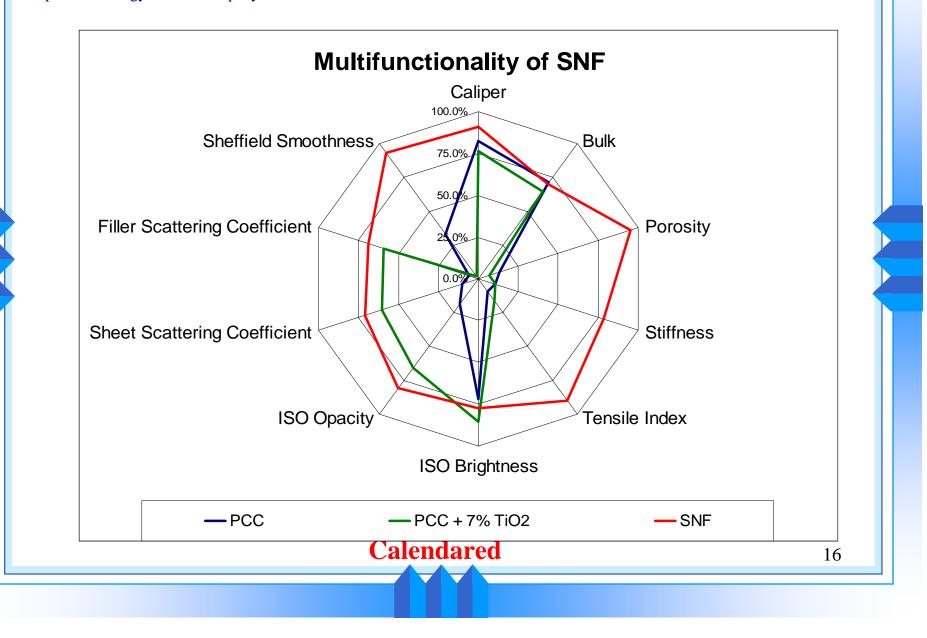
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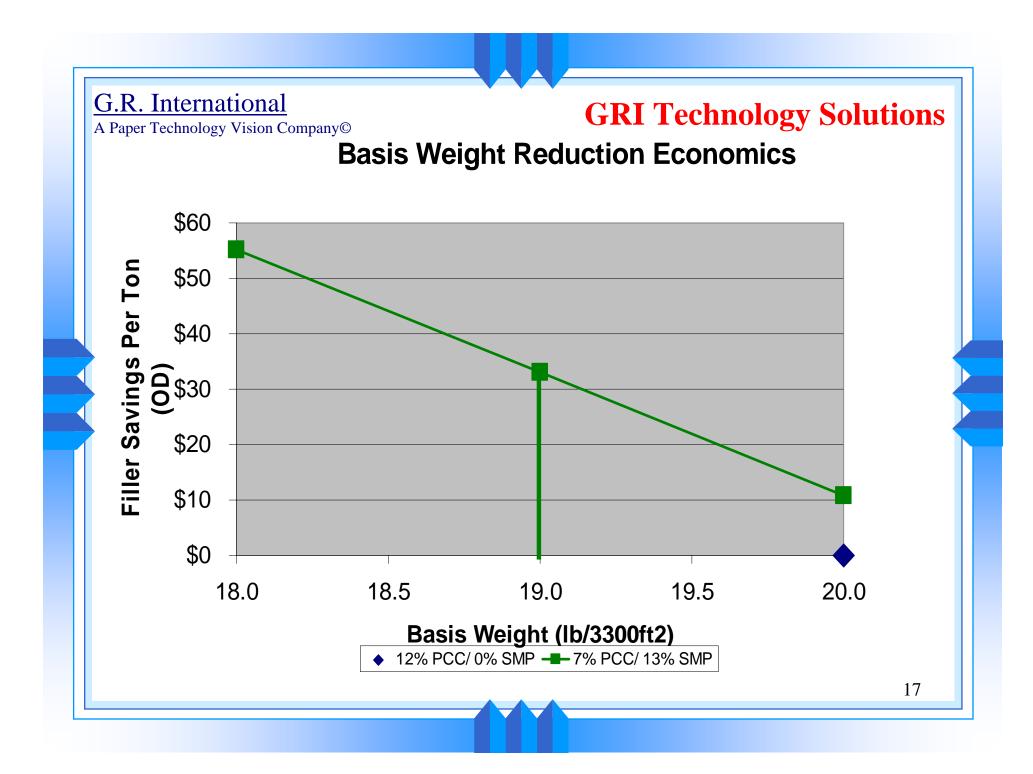


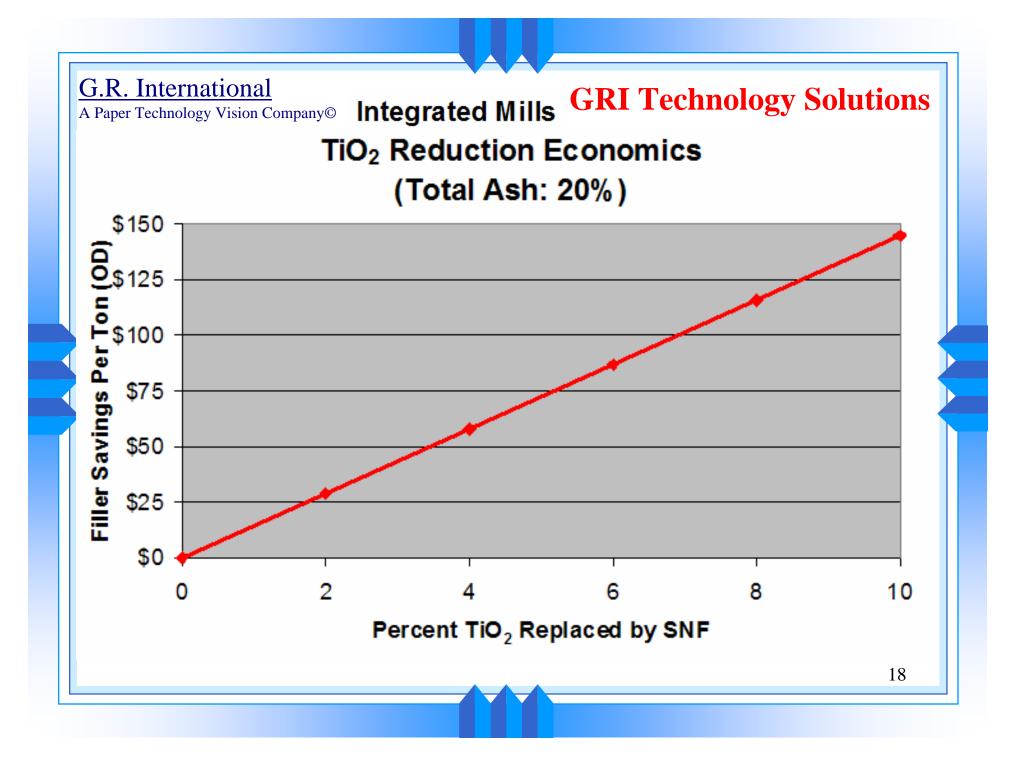
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Innovation

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The Key Innovations are:

- Fiberous Crystals from Inorganic Materials (Calcium Oxide and Silica)
 - US Patent #: 6,726,807B1
- Multifunctional Performance of "Fibrous Fillers"
 - Improves Sheet Bulk, Porosity, Smoothness, Optical, and Strength Properties <u>Simultaneously</u>
- Pressure Carbonation System to Produce Super Precipitated Calcium Carbonate at 400% to 600% Higher Reaction Rates

• US Patent #: 6,251,356

 Producing Multiple Pigments, "Fibrous Fillers" and Calcium Carbonates, From a Common Reactor

• US Patent Allowed, Serial # 09/797,173

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Project Objectives and Schedule

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Objectives:

- •Techno-Economic Viability of Manufacturing "Fiberous Filler"
- •Low Cost Super Precipitated Calcium Carbonates (S-PCC) or Tech-2

Project Objectives and Schedule

- •Protoytpe Plant for Scale-Up of Fiberous Filler Technology
- Schedule
 - Initiation Date: 4/14/03
 Original Expected Completion Date: 9/30/06
 Revised Expected Completion Date: 4/13/06

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Status of Milestones / Key Issues

Status of Milestones / Key Issues

The Key Issues are:

 Could Not Complete the Work on Interfacial Interaction, Paper Structure, and Paper Properties

• Task I: University of Washington

Partially Completed the Mechanism of Formation of "Fiberous Fillers"

• Task II: Lawrence Livermore National Laboratories

 Partial Completion of Application of "Fiberous Filler" in Surface Treatment Formulations

• Task V: Western Michigan University

Projects Output / Key Accomplishments

Project Output / Key Accomplishments

Objective I Accomplisments:

- Development and Validation of Techno-Economic Viaility
- Techno-Economic Viability Manufacturing Demonstration of:

-Silicate Nano-Fibers (SNF) or Tech-8

-Silicate Micro-Fibers (SMF-LDD) or Tech-6

-Silicate Micro-Particles (SMP) or Tech-4

• **Objective II Accomplishments:**

• Development and Validation of S-PCC or Tech-2

Objective III Accomplishments:

• Designed, Engineered, and Erected the Prototype Plant to Produce Multiple Pigments

-Tech-6, Tech-4, and Tech-2

Commercialization Barriers / Economics

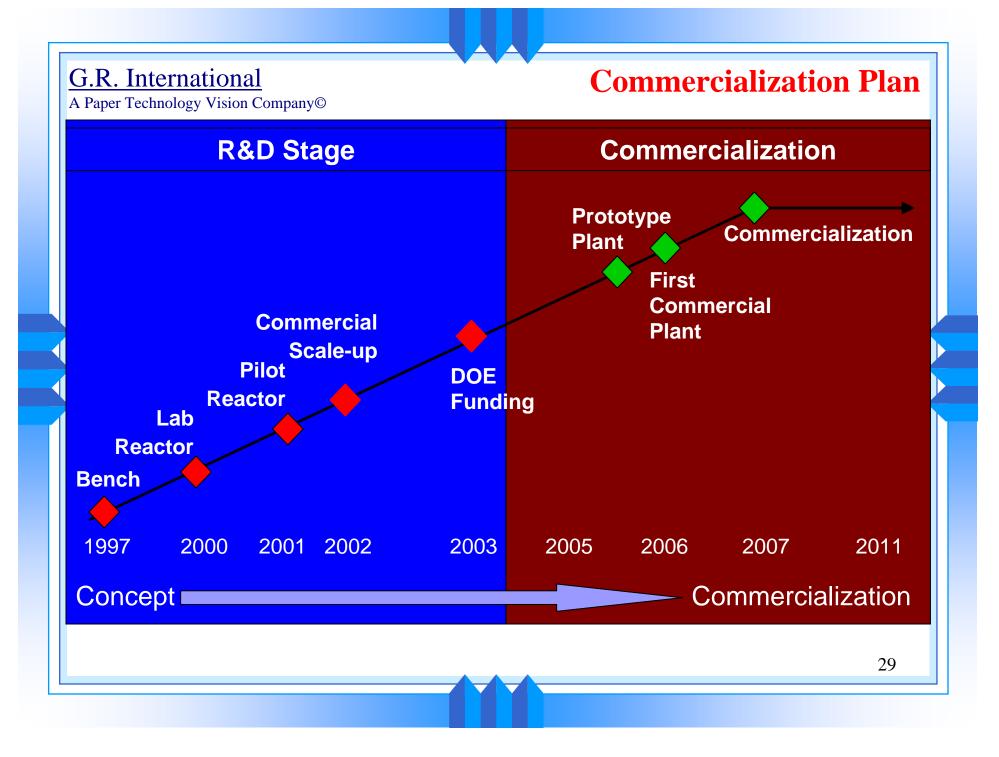
Commercialization Barriers / Economics

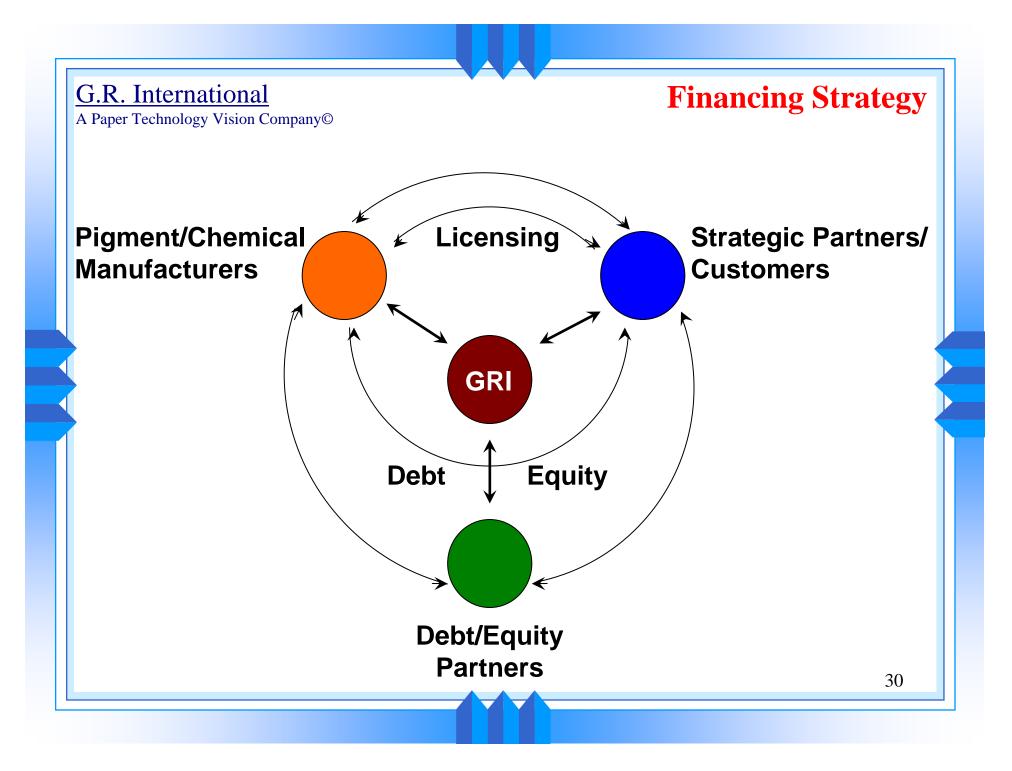
Barriers to Commercialization

- Market Resistance to New Silicate Technology
- Ist Commercial Validation of Technology

Economics of a Typical Multiple Pigment Plant Capital (millions): ~7.0 Revenue (millions): ~13.5 ROI(%): ~31.0

Commercialization Plan and Strategy





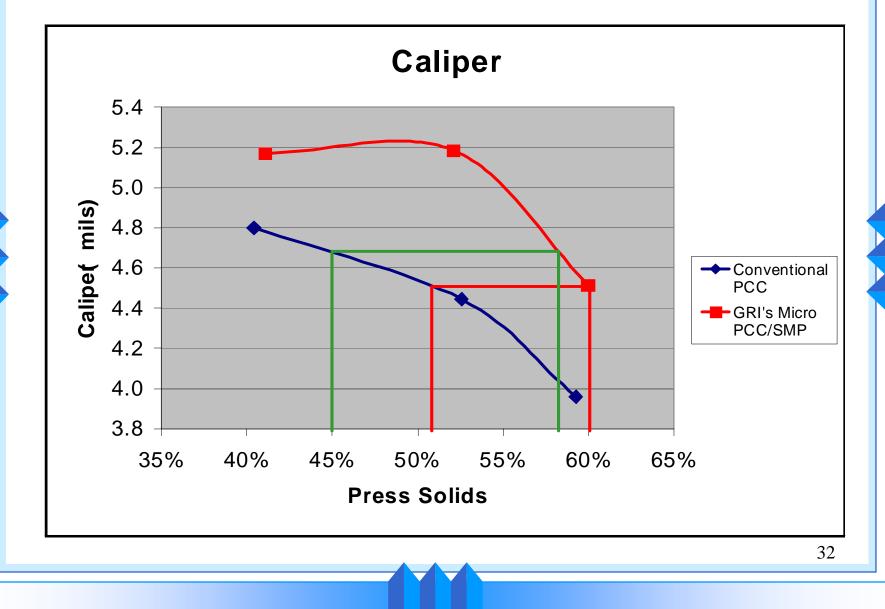
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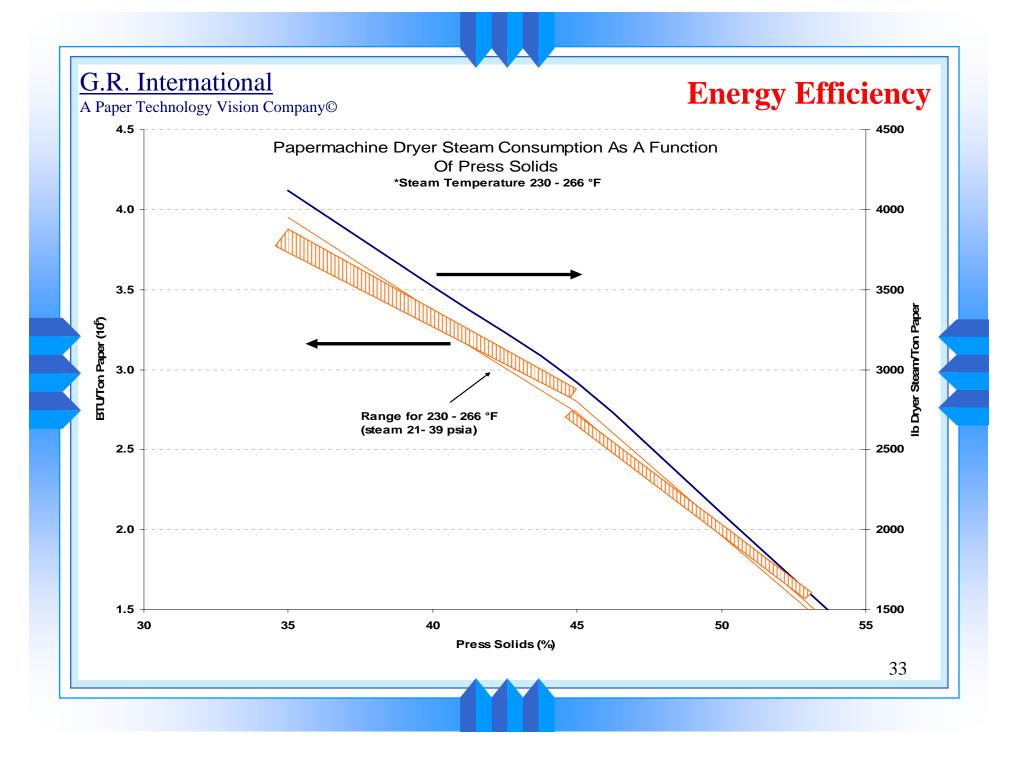
Energy Efficiency

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Energy Efficiency

Energy Savings (Trillions BTU/yr)

Pulp Mill*	31.5
Paper Mill**	11.5
Total	43.0

*: 1000 ton pulp mill vs. 600 ton pulp mill and 400 ton "Fiberous Filler" mill

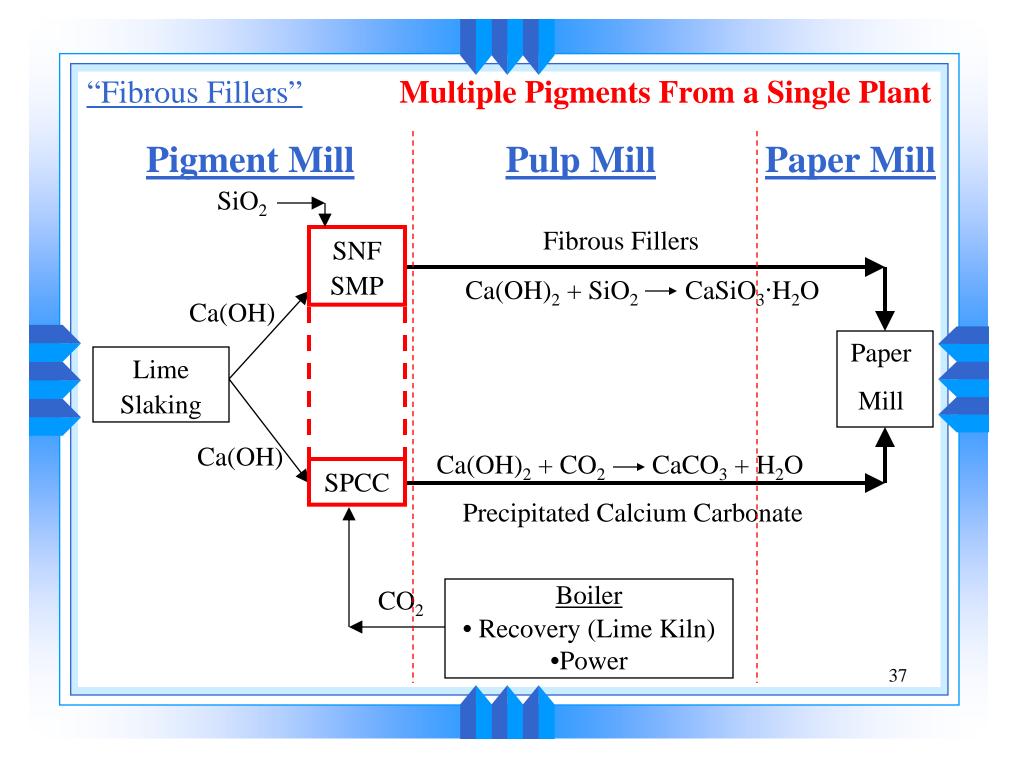
**: Press Solids increased from 45% to 55%

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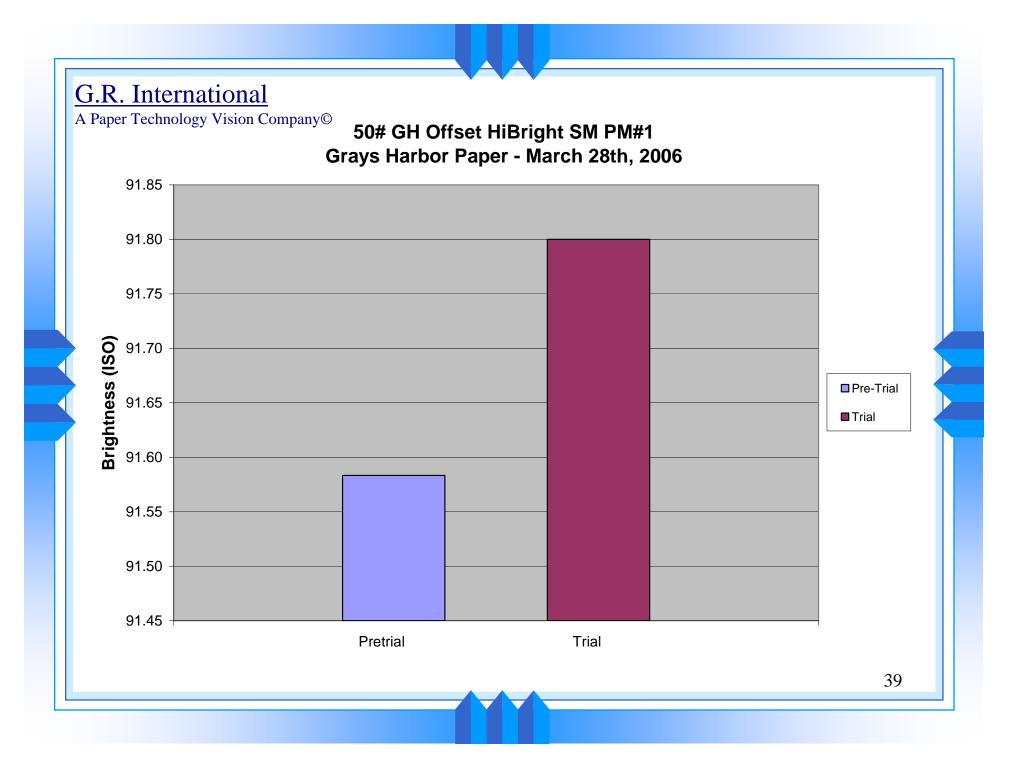
Potential Savings To U.S. Industry

	Attainable	Industry	Total Attainable			
Product	Savings \$/to	n Usage (tons)	Savings (per year)			
SNF	\$900	90,000	\$81 million			
(Ti0 ₂ Reduction)						
SMP	\$15	20,000,000	\$300 million			
(Bulk, Stiffness, Basis Weight Reduction)						
Energy Saving	gs \$12	20,000,000	\$240 million			
(Paper Mill)						
Incremental						
Pulp Profits	\$200	1,000,000	\$200 million			
(10% Filler Increase)						
PCC	\$20	1,000,000	\$20 million			
(Lower Cost)						
Total			\$841 million / Year			
			35			

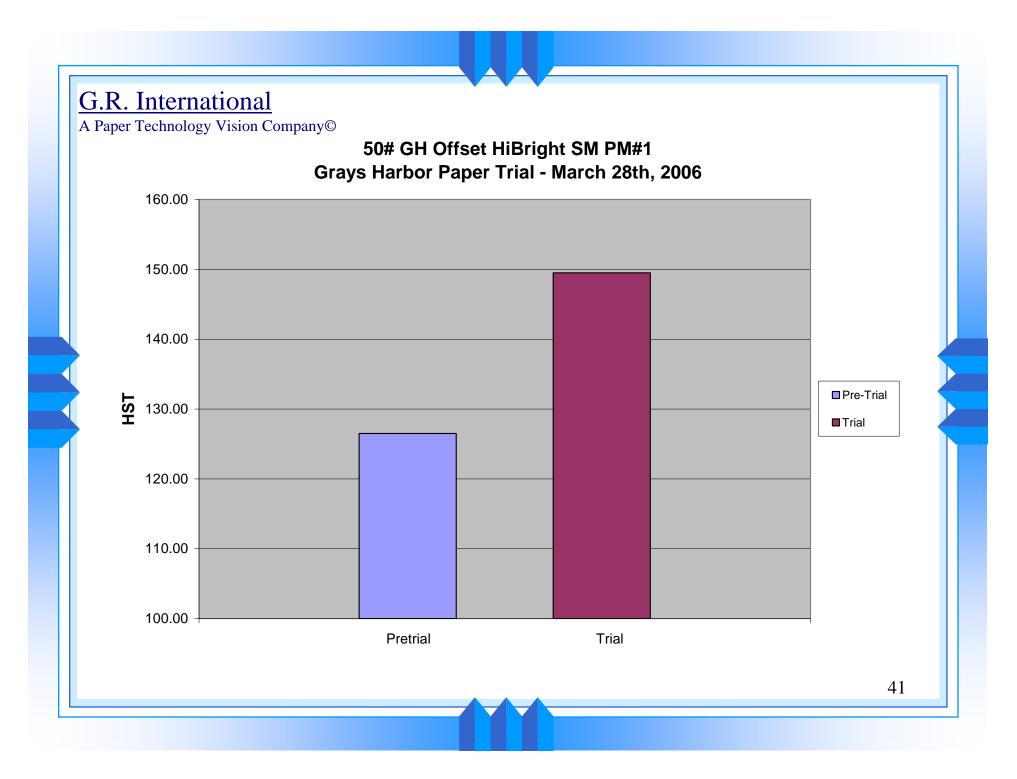








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G.R. International A Paper Technology Vision Company© 50# GH Offset HiBright SM PM#1 Grays Harbor Paper Trial - March 28th, 2006 34 33.5 Steam Pressure (Main Dryer Section) 33 32.5 32 Pre-Trial 31.5 Trial 31 30.5 30 29.5 29 Pretrial Trial 42

	INDE	PENDENCE GRAYS HARBOR PAPER	
	Date:	April 4, 2006 801 23 rd Street Hoquiam, WA 98550 98550 Phone: 360-538-5742	
	From:	Bob BrennandCell: 360-310-0747 bbrennand@ghplp.com	
	То:	Operations	
1	Subject:	Preliminary GRI S-PCC Trial Results	

Summary

Though we have not trialed the S-PCC on a wide variety of products yet, the following properties improved on both machines during the second (March 28th) trial: Steam Usage, Brightness, HST, and Sheffield Smoothness. Several other properties (CD Stretch, CD & MD Tensile Energy Absorption, Burst, and Porosity) improved on one of the two machines, and some properties deteriorated on one of the two machines (Caliper/Bulk, Porosity, and MD & CD Stiffness). Considering the short time the GRI reactor has been operating, the results to date are very encouraging, and I think there is room left for fine tuning the S-PCC manufacturing process. Further trials in the future should be performed on a wider variety of paper products, but the data so far indicates the S-PCC is very close to being "qualified" at GHP.

Path Forward

- **GRI and our industry partners are requesting an extension of the project by one year, so that we can:**
- 1. run extended trials
- 2. continue research on energy savings
- 3. continue research on cost reduction
- 4. meet original program objectives