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REAC FUEL RAISES USD 4.5 MILLION IN EXPANSION CAPITAL

The Swedish Cleantech company, REAC Fuel, which is developing a new method of extracting biofuel, has raised USD 4.5 million in expansion capital through a new issue. The investors are the oil company BP, VantagePoint and Sustainable Technologies Fund.

The capital injection will be used to perfect the technology, which entrepreneur Anders Carlius and research scientist Rune Ekman have been developing since 2001. The technology makes it possible to produce fuels, such as petrol, diesel and paraffin, from renewable biomass. There is also the exciting potential to produce chemicals and sugars from biomass. The process is highly cost competitive and can be used in smaller production plants than at present.

"We are delighted with our new investors, who together represent the industrial, financial and cleantech sectors. With the backing of BP, VantagePoint and Sustainable Technologies Fund, we are not gaining capital alone, but also access to knowledge and a vital network for refining and commercialising our technology", says Anders Carlius, CEO of REAC Fuel.

The issue is the second stage in a financing round, which began last spring with the oil giant, BP, now joining the companies who have invested in REAC Fuel. In total, BP, VantagePoint and Sustainable Technologies with current investors Allba Invest and Jensen Invest have invested USD 6 million in REAC Fuel during the year, which makes them majority shareholders in the Company.

"We are extremely interested in REAC Fuel because their technology makes it possible to produce commercially viable fuel in an ecologically and socially responsible way. By using lignocellulose biomass, their process is not only fossil-oil free, it also avoids the need to source biomass from food crops and by un-sustainable forestry practices", says Andre Heinz, Investment Director of Sustainable Technologies Fund.

REAC Fuel is expanding rapidly, and a new scaled-up facility is in the process of being built in Lund, with an estimated completion date in the second half of 2011. The workforce has risen from 6 to 10 since the beginning of the year. The capital injection will enable REAC Fuel to employ an additional 10 staff during the next quarter.

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***REAC Fuel** is based in Lund, where it was established in 2007 by Anders Carlus and research scientist, Rune Ekman. The Company is developing a technology for replacing fossil fuel with fuels from biomass, without using food crops.*

www.reacfuel.com

***Sustainable Technologies Fund** is a venture capital fund focused on Nordic Cleantech companies. The Fund invests in expansion capital companies in renewable energy, energy efficiency, renewable materials and green chemicals, recycling and purification technologies.*

www.stechfund.com