

Global Cosmetics Industry Sources Made-in-Alberta Ingredient

FOR IMMEDIATE RELEASE ((Calgary, Alberta)) A \$2.4-million investment by AVAC Ltd. is critical to the growing success of Botaneco Specialty Ingredients Inc., the Calgary developer, manufacturer and marketer of the plant-based emulsifying ingredients several multi-national companies are using to dramatically improve the formulations of their personal care products, says Andrew Baum, president and CEO.



A private not-for-profit company that invests strategically in promising early-stage commercial businesses focusing on the expansion of Alberta's value-added agri-business, ICT, life sciences, and other industrial technology sectors, "AVAC has been indispensable to our success, no question," says Baum.

"AVAC's application process helped us focus our business plan on what needed to be done. That kind of intellectual investment, combined with cash, is critical to a developing business's bottom line. These days, AVAC also serves as a kind of validator in the investment industry. When AVAC gets on board, others know you have a business worth looking at and that really does a lot to help leverage investment," adds Baum.

With \$1.9 million of milestone funding from AVAC already at work in Botaneco, AVAC is pleased to see Botaneco continues to find new customers for Hydresia™. A natural emulsifier that uses the same oleosome-based technology seeds use to protect their natural oil reservoirs, Hydresia™ replaces traditional non-plant-based emulsifiers made of oil-and-water.

"AVAC had very high hopes for Botaneco right from the time we initiated our financing in November 2007. They were just beginning to generate sales when AVAC got involved and their proprietary technology is positioned to transform the way personal care products are made," says Jim Hardin, AVAC investment manager. In return for its investment, AVAC is entitled to receive royalty on gross revenues generated by Botaneco beginning the fourth quarter of 2009.

AVAC funds helped Botaneco staff a marketing office in Pennsylvania. That office secured sales to Burt's Bees, North America's largest natural personal care company, and was essential to the recent addition of another major multi-national. "Ours is not a product people start using after you drop it off. Our sales follow a very interactive process that typically takes 18 months to complete. Customers need to be sure it will work in their formulations," explains Baum.

With the Calgary manufacturing plant poised to produce hundreds of thousands of pounds of Hydresia™ a year, Botaneco has ample room to expand. The company expects its second-generation product, which qualifies for organic certification in Europe, to boost sales overseas.

In addition to its direct investments in early-stage companies, AVAC also participates in commercially-relevant agricultural research and is the leading early-stage venture capital fund-of-fund investor in Alberta. Created in 1997, with the support of the Alberta and Canadian Governments, AVAC has invested in and provided guidance to 110 early-stage companies who have reported more than \$325 million in aggregate project-related sales to date, says Ross Bricker, AVAC president and CEO.

To date, AVAC has also invested in 38 agriculture research programs and projects, and three venture capital funds.

Botaneco's Andrew Baum has high praise for the private company's work in Alberta. "I would say as a taxpayer in Alberta I'm glad there's an AVAC -- and as a corporate CEO in Alberta I'm glad there's an AVAC."

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