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Press Release

For Immediate Release

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Tapeko Natural Flavours Inc. tastes investment success

Calgary, AB - A Calgary-based company that patented a new process to infuse flavours in dipping oils and bread dough will ramp up production and marketing with a multi-million dollar infusion of investment cash from a major U.K. hedge fund.

Tapeko Natural Flavours Inc. “is an overnight success story that’s been 15 years in the making,” says Jack Nickel, president and CEO. Attracted by the city’s entrepreneurial nature, the business moved to Calgary from Saskatchewan in 2001.

And no one’s looking back – except to keep an eye on growing Eastern Canadian and U.S. markets for gourmet flavoured oils that use Tapeko’s patented process to produce five flavours, including roasted garlic and lemon oregano. “The quality of extracts and the proprietary processing protocols create a unique and intense flavour unlike anything in this growing gourmet oil category,” says Nickel.

Those same flavour extracts – and others coming on line – will soon find their way into commercially-produced salad dressings. Another product line, already used by a major commercial baker in Alberta, gives bakeries a way to infuse flavour into dough “without creating flavour ‘hot spots’ or compromising yeast activity,” says Glen Vanderhaeghe, CFO.

In 2006, a \$220,000 investment from AVAC Ltd. enabled Tapeko to commercialize its process. That cash helped the company’s business plan catch the attention of the U.K.-based RAB Capital, thanks to Martyn Element, Element and Associates, Vancouver, which sources corporate finance.

AVAC is a not-for-profit company that provides early-stage investment, insight and focus to build viable commercial value-added opportunities in Alberta.

“Basically, we’re investing in strong ideas and quality people,” says Craig Urton, investment manager, AVAC.

While Tapeko has already paid back AVAC’s investment, with their latest round of financing, most firms opt to repay over time through royalty streams from product sales. “Repayment of AVAC’s investments are structured so as to not negatively impact a company’s start up and success, especially in the early stages of the sales-cycle when companies are finding those first customers and when cash may be tight,” says Urton.

Other AVAC-success stories include Ceapro, Inc., Cold-fx and Kinnikinnick Foods.

“AVAC’s investment was key to our early success. That money helped us reach the market-ready stage in months – instead of years,” says Nickel.

Tapeko’s North American marketing headquarters will soon move a new suburban office park under construction in north-west Calgary’s Crowfoot West business centre. The flavour infusions for its flavoured dipping oils are currently manufactured in Western Canada, then sent to a plant in the north-eastern U.S. that makes the dipping oils under several brand names, including The Marketplace Bakery line sold through Federated Cooperative stores and Front Street Bakery, sold into A&P Canada.

Negotiations are underway to have the dough emulsion products manufactured in Alberta.

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