

Press release, Lund
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Update on current collaborative projects

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Taurus Energy is holding a number of ongoing discussions and negotiations with various collaboration partners on XyloFerm®, a yeast strain developed in-house by Taurus Energy, which can be used for the production of second-generation ethanol as transportation fuel. Since the company published a status report in November 2014, progress has been achieved on several issues. This is a report by Taurus Energy on the latest developments.

Taurus Energy has held contract negotiations with a US company whose business idea is to produce a less expensive sugar from cellulose material. As a by-product, they obtain hemicellulose, from which they intend to produce ethanol. Taurus Energy will sign a Research Collaboration Agreement with them in the near future, under which both parties will work towards specified targets as a first stage on the road to a commercial agreement. This means that, over the next three months, Taurus Energy will receive a hydrolysate from the US company so that Taurus can tailor its yeasts to suit this hydrolysate and to achieve optimization in the fermentation process.

Another important announcement is that Taurus Energy is in the process of signing a Memorandum of Understanding with Lallemand Biofuels, one of the world's largest yeast suppliers. Taurus Energy has held a number of previous discussions with that company, which has carried out tests using Taurus Energy's yeast, including culturing of the yeast and its fermentation properties and propagation. These tests have resulted in a positive response from Lallemand. They have expressed interest in signing a commercial agreement with Taurus Energy, similar to what they previously signed with Mascoma, who marketed a 1G-yeast, TransFerm®. Taurus Energy hopes to add its 2G-yeast, XyloFerm®, to their repertoire of yeasts for producing biofuel, a deal which would offer considerable advantages to both companies.

Taurus Energy has already announced that a major US company will carry out a 1000-hour test, and are currently evaluating Taurus Energy's yeast to establish whether it has the potential to be included in the test. The test will be on second-generation ethanol technology. Unfortunately, Taurus Energy has not yet received a response on this, since the evaluation is still in progress.

Taurus Energy has, however, been informed that the US company also intends to carry out equivalent tests on a process which they have designated 1.5-generation ethanol technology. The continued tests of this technology are planned for October, and Taurus Energy's yeast is already qualified as a candidate for these tests. The advantage of this approach is that it is a "bolt-on process", which can be adapted to suit existing first-generation production facilities. The additional investment costs involved are small. As all the sugar (starch) in the corn grain is utilised, the fibre component remains. It is this cellulose, along with other cellular substances,



process to produce ethanol. This means that the entire corn grain is

of the raw materials required are already on site in the facility. The US company intends to roll out the marketing of this process full-scale during 2015.

In recent weeks, Taurus Energy has also completed negotiations with Quad County Corn Processors (QCCP) on a MTA/NDA (Material Transfer Agreement/Non-Disclosure Agreement). Under these agreements, Taurus Energy has been sent QCCP's hydrolysate, to carry out the customary tests with its yeasts. The initial tests have been completed, and the results passed on to QCCP. The tests results are looking good, and Taurus is scheduled to discuss steps for a continued collaboration with QCCP this month.

As previously announced, a major EU project, in which Taurus Energy is participating in partnership with the French company, CIMV and the Dutch company, DYADIC, will reach the decision stage in May. If the outcome is positive, this will involve a commercially important collaboration with these companies for a three-year period. The project involves the design and construction of a large demonstration plant in France, for which Taurus Energy will have the exclusive responsibility to supply the yeast.

With respect to obtaining FDA approval for XyloFerm®, Taurus Energy will submit its finalized application to EPA in March. This has been a complex and detailed effort, which has required a very high level of commitment from the staff. The standard processing time for the application by EPA is 90 days.

Finally, Taurus Energy's research scientist, Nicklas Bonander, has been selected to make a presentation on Taurus Energy and the research results the company has achieved at one of the world's largest and most important ethanol conferences – the International Fuel Ethanol Workshop and Expo (FEW). The conference will take place in Minneapolis, Minnesota, June 1-4.

"This will give us an opportunity to present some of the results from the Swedish Energy Agency project, along with other positive results. It is an excellent opportunity to introduce us to a large number of potential customers, since the conference attracts the majority of ethanol producers from Europe, the USA and South America," says Lars Welin, CEO of Taurus Energy.

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About Taurus Energy AB

Taurus Energy AB is a research and development company, which aims to commercialize its extensive research and development program in the field of ethanol production. Since 2006, the company's mission has been to license energy producers to use the methods developed by the company on a global market. Taurus Energy holds over 10 world-leading patents, which have been developed with the help of around 20 internationally recognized scientists. The company is based in the Ideon Science Park in Lund, Sweden. Taurus Energy is listed on the Aktietorget equities market. For more information, please visit www.taurusenergy.eu

