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KL Energy Corporation Announces Expansion Into Brazil

Second Generation Cellulosic Ethanol Leader Teams Up With add blue Ltda. to Expand Into Brazil, the World's 2nd Largest Ethanol Market

RAPID CITY, SD--(Marketwire - April 22, 2009) - KL Energy Corp. (OTCBB: KLEG) today announced that it has engaged in an exclusive cooperation agreement with add blue Ltda. KL Energy and add blue are now optimizing KL Energy's proprietary cellulosic ethanol technology for the use of sugarcane bagasse and straw feedstock. It is planned to build Brazil's cellulosic ethanol plant using KL's enzymatic process and completely integrated into a conventional mill with startup in 2010.

Brazil is the world's 2nd largest producer of ethanol and the domestic market is poised to experience a massive increase in demand as flex-fuel cars begin to dominate the national fleet. Presently, more than 360 mills are operating in Brazil, all of them generating huge amounts of sugarcane bagasse, an ideal feedstock for cellulosic ethanol production.

add blue will further offer ethanol plant process optimization services in cooperation with KL. add blue will be the first company in Brazil's sugarcane industry to apply the best process simulation tool in the business, Aspen Plus®. Supported by KL Energy's unmatched expertise in process optimization, add blue will offer to mill owners a unique opportunity to increase capacities, yields and profitability. add blue is in the process of successfully concluding its 1st full fledged process optimization project at a sugarcane mill in the State of São Paulo.

KL Energy CEO Steve Corcoran commented, "KL Energy had been looking for opportunities to enter the Brazilian ethanol market. Our agreement with add blue is the perfect fit to expand our business strategy as a global cellulosic ethanol technology provider."

Founder and Managing Partner Peter Gross of add blue stated, "Cellulosic ethanol has great market potential in Brazil and this is the ideal moment to introduce this technology. The cooperation with KL has begun extraordinary well in all areas: the joint optimization of KL Energy's enzymatic process for sugarcane mills, testing of bagasse feedstock in KL Energy's commercial scale facility, and Aspen Plus® powered process optimization."

About KL Energy Corp.

KL Energy Corp. (OTCBB: KLEG) headquartered in Rapid City, is firmly at the forefront of second generation cellulose-based ethanol production, a hugely anticipated global opportunity for energy production from waste materials and biomass. Besides cellulose based ethanol production, KL provides engineering, optimization and technical services for biofuels facilities along with ethanol marketing services.

Additional information is available at the Company's website at www.klenergycorp.com

About add blue Ltda.

add blue Ltda. is a LLC under Brazilian law, headquartered in São Paulo, Brazil, specialized on business development in Brazil's renewable energy industries. The Company and its principals have implemented several ventures in the areas of ethanol-diesel-fuels, ethanol greenfields, conventional ethanol production, among other technologies and built a comprehensive network in Brazil's sugarcane industry.

Additional information is available at the Company's website at www.addblue.com.br

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements, as defined in the Securities Reform Act of 1995 (the "Reform Act"). Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "may," "anticipates," "believes," "should," "intends," "estimates," and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. The safe harbor for forward-looking statements provided to companies by the Reform Act does not apply to KL Energy Corp. (the "Company"). However, actual events or results may differ from the Company's expectations on a negative or positive basis and are subject to a number of known and unknown risks and uncertainties including, but not limited to, competition with larger companies, development of and demand for a new technology, risks associated with U.S. and international transactions, the impact of current, pending, or future legislation and regulation on the industry, general economic conditions, availability of funds for capital expenditure by customers, availability of timely financing, cash flow, timely delivery by suppliers, ability to maintain quality control, collection-related risks from U.S. and international transactions, or the Company's ability to manage growth. Other risk factors attributable to the Company's business may affect the actual results achieved by the Company including those that are found in the Company's most recent Current Report filed on Form 8-K, which risk factors will also be included with or prior to the filing of the Company's next Quarterly or Annual Report. All forward-looking statements included in this release are made as of the date of this press release, and the Company assumes no obligation to update any such forward-looking statements.

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