



CEOCFO

Interviews & News!

ceocfointerviews.com – All rights reserved. – Issue: June 22, 2007

Kreido Biofuels' worldwide-patented STT® technology provides a competitive advantage by lowering capital and operating costs of biodiesel production plants



**Energy
Biofuel
(OTC BB: KRBF)**

Kreido Biofuels, Inc.

**1140 Avenida Acaso
Camarillo, CA 93012
Phone: 805-389-3499**



**Joel Balbien, Ph.D.
President & Chief Executive Officer**

BIO:

Joel Balbien, Ph.D., CEO, has been an active Board Member of Kreido for the last seven years and was appointed by the Board to serve as CEO in October of 2005. Dr. Balbien was also a Managing Member and cofounder of Los Angeles based Smart Technology Ventures (STV). Prior to joining STV, Dr. Balbien was vice president of business development for a private aerospace holding company and an assistant treasurer at Sempra Energy (formerly Pacific Enterprises). He also worked in Strategic Planning at Unocal Corporation, and as an operations research analyst for

the alternative energy technology program managed by the Jet Propulsion Laboratory. Dr. Balbien has served on the board of directors of two CleanTech companies, (i.e., Clean Energy Systems (DE) and Viaspace: VSPC: OB) and as a director or advisor for other high technology companies including Sonics, Inc., Continuous Computing Corporation, and Availigent, Inc. Dr. Balbien has been a frequent speaker within the venture capital community including presentations at LARTA conferences, and technology Forums at UCLA and MIT/ Caltech. He has also served as a mentor for the Southern California Venture Capital Forum, and a screener for CalTip and the SBIR grant programs. Dr. Balbien received his M.S. and Ph.D. from Caltech.

Company Profile:

Kreido Biofuels is providing the world renewable energy through its proprietary process intensification technology - the STT® system. The Company's manufacturing methods significantly improve the efficiency, quality, and process control of biodiesel production. To build a sustainable future, our goal is to provide the industry cutting edge technology that improves the manufacturing of biofuels. The Company's senior management team and board of directors have more than 50 years experience in the energy sector including designing, constructing, operating and managing petroleum refining, natural gas distribution, and chemical processing facilities. Kreido Biofuels also has established collaborations with university and government laboratories, including the U.S. Environmental Protection Agency (US EPA), in order to gain a leading position in the development of advanced chemical processes.

The STT® Technology

The STT® chemical process intensification system provides simple and effective solutions to many of the manufacturing issues related to the production of chemicals. Named the STT® after its spinning tube-in-tube design, the system's unique

two-dimensional flowing film format accelerates the rates of many chemical reactions involving solid, liquid, or gaseous materials, supports real-time process monitoring for quality control and waste reduction, as well as dramatically accelerates time to market by simplifying and compressing a product's schedule for manufacturing scale-up.

With its broad application and flexibility, the STT® has significant qualitative, advantages over conventional chemical production methods, particularly in the following areas:

- Biodiesel
- Specialty Chemical
- Flavor & Fragrance
- Pharmaceutical
- Food Processing

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Dr. Balbien, you have been CEO of Kreido Biofuels since October of 2005; what was the vision then and how is it developing?

Dr. Balbien: "My vision was to commercialize our breakthrough system, the worldwide-patented STT® reactor, for the manufacturing of biodiesel and do it as rapidly as we can. Since then we have moved from bench scale testing and development of recipes in our STT® process intensification system to pilot scale testing. At this point we have fully designed a complete biodiesel processing unit with a capacity of 33 million gallons a year, and our suppliers are fabricating processing equipment for our first commercial scale plant at a port in Chicago. I believe there has been tremendous progress. We are executing on our plan and

making the vision for the company a reality.”

CEOCFO: What is the technology all about?

Dr. Balbien: “We have spent 7 years and about \$20 million pioneering flowing film-based chemical manufacturing. The result of that effort is our patented STT® system, which refers to a spinning tube-in-tube reactor configuration. This system sets up a narrow gap between a polished, rapidly spinning rotor and a stationary stator, where the width of the gap equals the thickness of a few sheets of paper. The result is a chemical process intensification system based on laminar flow rather than turbulent flow. This proprietary technology provides significant savings and environmental benefits compared to traditional chemical processing methods that typically use a continuous stirred tank type of chemical reactor. In addition, the STT® greatly facilitates the scaling of new recipes for alternative biodiesel feedstocks, as well as other chemical and pharmaceutical products to commercial production in significantly less time with lower development costs.”

CEOCFO: You partnered with the EPA in some areas; would you tell us more?

Dr. Balbien: “Over the past 4 years we have had cooperative research development agreement (CRADA) with the USEPA (Environmental Protection Agency). Under this CRADA, the EPA uses our pilot and bench scale STT® systems for the development of sustainable or green chemistry. Examples of that would be the synthesis of ionic liquids, which have been the subject of a number of presentations by the EPA at academic and chemical industry conferences. The results of EPA’s research in this area has been the development of more efficient ways of manufacturing “green” solvents that are likely to have less environmental impact than traditional petroleum based solvents. Using our STT® technology, the EPA has also been working with major companies to test new chemistries that

have mass transfer issues, and where benefits are derived from higher conversion rates, more selectivity, and a smaller environmental, physical, and energy footprint.”

CEOCFO: For a lot of years there have been many environmental issues of concern. Are people really ready now to make changes?

Dr. Balbien: “Absolutely! On a summer day in most major cities, you can see the need for new environmental technologies to reduce pollution. Moreover, with the great interest now in the problems of greenhouse gas emissions, global warming, and energy security there are tremendous opportunities for companies in the US that have developed new tech-

“We are highly differentiated from other companies in the biofuel and biodiesel industry, because we offer our partners technology that creates a competitive advantage by providing lower capital and operating costs. Compared to a conventional biodiesel plant, our STT® system can provide nearly a 50% capital cost advantage and can reduce operating expenses by as much as 10 cents per gallon. As we work to build a sustainable future, we believe here at Kreido, our competitive edge is the company’s focus to bring the biofuels industry cutting edge technology. That focus will serve us well as this industry grows rapidly and ultimately commoditizes.”

- Joel Balbien, Ph.D.

nologies that can help us replace fossil fuels with renewable and low carbon fuels. However, new environmental and alternative fuel technologies will not be utilized unless governments’ around the world create a market by encouraging - through emission standards, market based regulation, blending mandates, and/or subsidies - the utilization of renewables and biofuels in both the electricity generation and transportation sectors. For example, in the case of greenhouse gas emissions, the government can foster a competitive market for new technologies by approving a cap and trade system and blending mandates for biofuels in the transportation sector.”

CEOCFO: You have a broad application; over time what industries will you be able to work with?

Dr. Balbien: “We are focused on bringing our first flagship plant in Chicago into production by the end of the year and two additional plants in 2008. We will use our flagship plant as marketing collateral to launch an international licensing effort by demonstrating the scalability of our technology, from the bench to pilot to commercial scale – all stages utilizing the same chemical recipe. It will also allow manufacturing engineers and executives, especially in the chemical and small molecule pharmaceutical sector, to look at ways that they can reduce the environmental and physical footprint of their processes, as well as speed their

time to market. Kreido believes the U.S. needs to move towards sustainability. We want to offer a greener way to make specialty chemicals and pharmaceuticals. I believe the successful startup of our first commercial biodiesel plant will accelerate licensing activity not only in the biodiesel arena, but also in other areas including the specialty chemical and pharmaceutical sector. We have already licensed for research and development purposes 2 bench scale STT® systems; 1 to a Fortune 500 pharmaceutical company for small molecule drug development, and a 2nd bench scale system to a large specialty chemicals com-

pany. Obviously, these are huge markets; and there is a lot of opportunity and potential for change in chemical manufacturing and related technology.”

CEOCFO: You recently have become a public company; what has changed and how are you funded going forward?

Dr. Balbien: “We completed a pipe financing and a reverse merger in January where we raised \$25 million. These funds will allow us to execute our current plan to complete the first biodiesel plant by the end of the year. In addition, we will be able to launch our international licensing effort with regard to our biodiesel technology, as well as accelerate the marketing and licensing of the technology in other sectors. We have raised enough

money to execute on the critical part of our business plan which is to complete this first plant, bring it into production, and then utilize the facility as marketing support for expanded licensing of our biofuel technology, oversees and selectively in the US.”

CEO CFO: Is research and development still a big feature for you?

Dr. Balbien: “Our research and development efforts are focused on the development of new chemical recipes for emerging biodiesel feedstocks that are coming onto the market. In the biodiesel industry, there are different types of vegetable oil and plant sources used in the production of biodiesel. Each one makes biodiesel with a slightly different recipe in our system. As we receive small samples of oil, for example from tropical and subtropical areas where there is much higher oil yield per acre, we then have the chance to test these oils and develop a specialized recipe for a new feedstock. These new recipes will then have the potential to work in any of our commercial scale plants.

Our industry is undergoing an evolution, from the use of first generation feedstock, primarily soybean oil in the US and rapeseed in Europe, to second generation feedstock grown overseas which have higher oil yield per acre, such as palm, castor oil, and jatropha. We are also beginning to see algae emerge in the United States as a potential energy crop. With so much research and development going on, I believe over the next few years we will see commercial production of algae-based oils. As these facilities become available, Kreido will be working on

adapting our recipes and processing technology to convert those oils into biodiesel.”

CEO CFO: You mentioned licensing internationally, are there areas of the world ahead of the U.S. in going into biodiesel?

Dr. Balbien: “The transportation sector in the United States is heavily weighted toward gasoline. Europe is ahead of the U.S. in terms of biodiesel production. They have been doing it longer and diesel plays a much larger part in their transportation fuel mix. In Europe, half of the new vehicles sold are diesel-based, which is a big advantage for Europe in terms of reducing fuel consumption and greenhouse gas emissions, because diesel or compression ignition engines can be 30% more efficient than spark ignition engines. However, the biodiesel technology used in Europe is primarily first generation, so there is no significant technological lead in terms of processing technology. Therefore, Kreido Biofuels is in a strong position to take the lead in that area - offering European companies a lower cost processing technology that will provide them the ability to gain market share.”

CEO CFO: Why should potential investors be interested and why should they be looking at Kreido as opposed to the competition?

Dr. Balbien: “The biofuels industry in the United States is still in its infancy and there are a lot of companies emerging so I can appreciate how difficult it is for investors to distinguish who will make the greatest impact at this time but I do foresee a shakeout and a resulting consolida-

tion of market position among those companies that can show leadership in a background of very rapid growth. Kreido has a tremendous opportunity to take a leadership position because we are offering an advanced technology that can minimize the environmental footprint of biodiesel production compared with conventional production methods. When you think about the benefit of being able to build plants more quickly, speeding time to market and lowering capital and operational costs, the investment rationale for Kreido is quite compelling, especially now that we have raised sufficient cash to get our first plant into production. And, besides our patented technology, we have a strong management team, which is critical because significant work remains to be done to get our plant into production by the end of the year.”

CEO CFO: What should people remember most about Kreido?

Dr. Balbien: “We are highly differentiated from other companies in the biofuel and biodiesel industry, because we offer our partners technology that creates a competitive advantage by providing lower capital and operating costs. Compared to a conventional biodiesel plant, our STT® system can provide nearly a 50% capital cost advantage and can reduce operating expenses by as much as 10 cents per gallon. As we work to build a sustainable future, we believe here at Kreido, our competitive edge is the company’s focus to bring the biofuels industry cutting edge technology. That focus will serve us well as this industry grows rapidly and ultimately commoditizes.”



Kreido Biofuels, Inc.
1140 Avenida Acaso
Camarillo, CA 93012
Phone: 805-389-3499