



PRESS RELEASE

25 February 2011
Stockholm

Opcon signs letter of intent for up to USD 40 million in financing

To strengthen the company and secure access to capital over time, Opcon AB, the energy and environmental technology Group, has signed a letter of intent with August Capital Ltd, based in Hong Kong to issue a series of redeemable zero coupon convertible bonds jointly worth up to USD 40 million over a period of 36 months.

“Looking to the development and growth we see ahead and considering the opportunities in marine applications, we need to strengthen our financial muscles. By issuing convertibles worth USD 4 million at a time within a generous framework totalling USD 40 million we can successively secure access to the capital that the company will require. This method also means that we restrict the share dilution effect,” says Mats Gabrielsson, chairman of Opcon AB and the company’s largest shareholder.

Over a number of years, Opcon AB (“Opcon”) has refined its business to focus on energy and environmental technology, building a strong platform for growth in its Renewable Energy and Engine Efficiency business areas. Major resources have been channelled into developing new technology for waste heat recovery, either in the bioenergy sector or for electricity generation via Opcon Powerbox. The value of this technology is expected to rise as energy prices across the globe increase. Opcon’s Board foresees significant growth for the company, with comparable units expected to grow by 30% or more in 2011.

The background to the agreement is that the Board wishes to strengthen the company’s financial muscles and ensure that the company has access successively to the capital needed to speed up the industrialisation and international expansion phases for the Renewable Energy business area. The market potential for the company’s technology used to produce electricity from waste heat is considered to be exceptional.

Following intensive work on marine applications, the company has also revised upwards the number of vessels where it is considered that the company’s products have the technical and commercial potential to be successful. Bunker oil prices have meanwhile risen significantly, more than doubling since the beginning of 2009. Opcon has entered a resource-intensive phase of further developing Opcon Powerbox for operation at sea, and a first reference installation will be made on a vessel operated by Wallenius in mid 2011. Considering the partnerships and discussions entered into with several leading players concerning the marine application of Opcon Powerbox, Opcon has decided to strengthen its capabilities for further initiatives.

The Board has also decided to further develop Bopower's business, which covers sales of electricity from Opcon Powerbox, within Opcon's own organization, in order to better serve the interests of shareholders in future. This business can be developed more quickly with better access to capital.

The final agreement on financing is expected to be signed in the first half of March 2011.

The principal commercial terms include the following:

Provided that capital requirements and other terms are fulfilled, Opcon undertakes to issue convertibles amounting to a total of at least USD 24 million over 36 months. The company has the option to issue convertibles worth up to USD 40 million. This means that Opcon gains access to between USD 24-40 million before costs over the next 36 months.

The convertible loans issued over three years are directed in tranches of USD 4 million at a time and give the right to convert to a number of shares corresponding to 90% of the market value of the share. The convertibles run without interest. The market value is established as the average price over the five lowest consecutive trading days during the 30 days immediately prior to conversion. The convertible loans will not be listed publicly.

August Capital Ltd shall have converted the entire existing loan into shares in Opcon AB before a new convertible loan is issued, which means that the company's debt to the holder of the convertible loan shall be limited to at most USD 4 million.

According to the declaration of intent, part of the convertible loan shall be issued based on the mandate given to the Board by the shareholders meeting. Remaining convertible loans are conditional on decisions made by the Annual General Meeting. Mats Gabrielsson and Rolf Hasselström, who together control 26,2 % of the company, will undertake to vote for a proposal by the Board based on these commercial terms.

August Capital Limited is a privately held closed-end fund and is managed by FSO LLP. August Capital is a multi-strategy investment fund and is an alternative provider of capital to, and investor in, businesses in the Asia Pacific Region, and such other region as it shall determine from time to time.

For further information, please contact

Mats Gabrielsson, Chairman of the Board, Opcon AB, tel. +46-70-775 83 20

Niklas Johansson, vice president, Investor Relations, Opcon AB, tel. +46 8-466 45 00,+46-70-592 54 53

Opcon AB, Box 15085, 104 65 Stockholm, Sweden

Tel. +46 8 466 45 00, fax +46 8 716 76 61

e-mail: info@opcon.se

www.opcon.se

The Opcon Group

Opcon is an energy and environmental technology Group that develops, produces and markets systems and products for eco-friendly, efficient and resource-effective use of energy.

Opcon has activities in Sweden, China, Germany and the UK. There are around 410 employees. The company's shares are listed on Nasdaq OMX Stockholm. The Group comprises two business areas:

Renewable Energy focuses on generating electricity from waste heat, bioenergy, systems for handling natural gas, industrial cooling, recycling of heat, drying of biomass, treatment of flue gases, handling systems for biomass, etc., air systems for fuel cells and measurement and monitoring of processes.

Engine Efficiency focuses on energy-efficient solenoid technology and ignition systems for combustion engines including ethanol, natural gas and biogas engines.