

Aquaflow Bionomic Corporation

MEDIA RELEASE

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NZ BIOFUEL DEVELOPER FIRST IN NZ INVITED TO JOIN PRESTIGIOUS U.S. RESEARCH HOT-HOUSE, THE GIRVAN INSTITUTE

Marlborough-based biofuel developer, Aquaflow Bionomic Corporation, has made another breakthrough as the first New Zealand company to be invited to join the prestigious Girvan Institute of Technology in the United States.

Aquaflow recently announced it was the first in the world to commercially produce bio-diesel fuel from algae sourced from Marlborough sewerage ponds.

The Girvan Institute is a non-profit, public benefit corporation established to speed up the development of cutting edge technologies into useful products and services. Girvan's affiliates and partners include global research labs, Fortune 1000 companies, small and medium high-tech companies and a number of private equity and venture capital firms.

The organisation also supports the research programmes of the US Department of Energy, NASA, US Department of Defense and the US Air Force, as well as a number of research and academic organisations around the world.

Girvan's base in Santa Clara, Silicon Valley, California, serves as an incubator for a small group of select start-ups by providing inexpensive office facilities and access to its heavy-hitting network in both the early stage technology business and venture capital community. For more information go to www.girvan.org

"This is a huge opportunity for Aquaflow. We were thrilled when they approached us to join the institute. Silicon Valley is where the research and investment action is and Girvan can open so many doors for us," says Aquaflow director, Nick Gerritsen.

Gerritsen says that since Aquaflow announced its breakthrough in June, the company has already set up Aquaflow Inc in US and has received many international enquiries.

"We're looking at a number of propositions and talking to some major league players. The invitation to join Girvan seemed like a smart way to establish a sales base in Silicon Valley," he explains.

Girvan chief operating officer, Evan M. Epstein says the institute was attracted to Aquaflow because it was an exciting start-up in the alternative energy field.

"We can provide a lot of value to Aquaflow in California and the US given our track record fostering and supporting entrepreneurial business ventures, especially early stage high-tech companies," he explains.

Epstein says Aquaflow could have a “very large potential market” in the US. He says the US market is aggressively looking for new ventures in the renewable energy space (in all, US venture capital funds invested a record US\$739M in renewable energy in 2005, up 36% from 2004). The US market is the largest energy consumer in the world and US\$70 a barrel oil is pushing the US market to break its ‘addiction’ to international oil and find new, cheaper (and cleaner) sources of power.

“If Aquaflow is successful, their potential in the US is enormous,” says Epstein.

Epstein admits he was a little surprised at first to hear that Aquaflow was a New Zealand company.

“But great ideas and innovation are not the exclusive domain of Silicon Valley anymore so we were not too surprised. In fact, we are very excited about the possibility of providing our broad US-based technology and business network to international start-ups, including companies from New Zealand, of course,” he comments.

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Background on Aquaflow and bio-diesel

Bio-diesel could eventually become a sustainable, low cost, cleaner burning fuel alternative for New Zealand, powering family cars, trucks, buses and boats. It can also be used for other purposes such as heating or distributed electricity generation.

Aquaflow, formed an agreement late last year with Marlborough District Council to undertake a pilot to extract algae from its excess pond discharge.

Algae are the simplest plant organisms that convert sunlight and carbon dioxide in the air around us, into stored energy through the well understood process of photosynthesis. Although the exact bio-diesel manufacturing technology is a well-guarded secret, the process involves processing the algae pulp before extracting lipid oil which is turned into bio-diesel.

Although algae are good at taking most of the nutrients and chemicals out of sewage, too much algae can taint the water and make it smell. So, councils have to find a way of cleaning up the excess algae in their outflow and recycling the waste product. And that’s where Aquaflow comes in.

By taking the waste product, Aquaflow can create bio-diesel and remove a problem for councils by producing useful clean water, a process known as bio-remediation. Dairy farmers, and many food processors too, could also benefit from recycling their waste streams that algae thrives in.

Blended with conventional mineral diesel, bio-diesel could run vehicles without the need for vehicle modifications. It would also help to meet the New Zealand Government B5 (5% blended) fuel targets by 2008 moving up to B20 as bio-fuel production increases.

Aquaflow was formed in October 2005 and its major shareholders are technology start-up expert, Nick Gerritsen; and successful renewable energy developers Vicki Buck and Barrie Leay. CEO Teresa Williams, who has a background in information technology and management from the UK, was appointed in December 2005. The company's technical expert is Bill Rucks who has a background in aquaculture.

Aquaflow's next step is to increase the production from its new technology and test its product in a range of diesel engines. It has recently secured funding for further research and development of the technology from the Foundation for Research, Science and Technology. Aquaflow is preparing a prospectus as its announcement has attracted considerable interest from potential investors.

There is now a global demand for billions of litres of bio-diesel per year.

Aquaflow is increasing its capacity to produce one million litres of bio-diesel from the Marlborough sewerage ponds over the next year.

Aquaflow could reproduce the bio-diesel process in many other areas of New Zealand and overseas countries could also be interested in the technology.

Unlike some bio-fuels which require crops to be specially grown and thereby compete for land use with food production, and use other scarce resources of fuel, chemicals and fertilisers, the source for algae-based bio-diesel already exists extensively and the process produces a sustainable net energy gain by capturing free solar energy from the sun.