



ASX RELEASE

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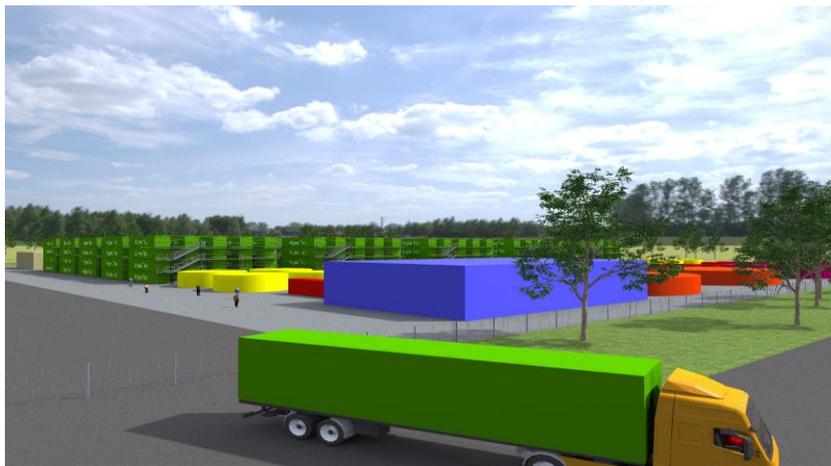
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ALGAE.TEC SIGNS CARBON CAPTURE BIOFUELS DEAL WITH AUSTRALIA'S LARGEST COAL-FIRED POWER COMPANY

In what is understood to be a world first, Algae.Tec (ASX: AEB, OTCQX: ALGXY) has signed a deal with Australia's largest power company to site an algae carbon capture and biofuels production facility alongside a 2640MW coal-fired power station near Sydney.

Macquarie Generation, one of the largest power companies in the world and owned by the New South Wales Government, has signed an agreement to site the Algae.Tec facility next to the Bayswater coal-fired power station in the Hunter Valley NSW, and feed waste carbon dioxide into the enclosed algae growth system.



The announcement was made today by NSW Energy Minister, Chris Hartcher in the presence of Macquarie Generation CEO and Managing Director Russell Skelton and Algae.Tec Executive Chairman Roger Stroud.

"This deal is an innovative means of capturing and reusing carbon emissions and providing the Hunter region with a locally produced green fuel source," Mr Hartcher said.

Macquarie Generation CEO and Managing Director Russell Skelton said:

"Our agreement with Algae.Tec is another example of MacGen finding creative ways to improve our business and improve our environmental performance." "It's new technology improving a traditional power plant."

"Carbon is now our single largest cost. This technology should reduce our carbon output, reduce our carbon bill, and at the same time improve our bottom line."

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Bayswater uses approximately 7.5 million tonnes of coal per year and delivers power to eastern Australia, from South Australia to Northern Queensland. It is the centre-piece of the New South Wales energy system. The algae will feed on "waste" carbon dioxide emitted by the power station and the resulting algal oil is converted to biodiesel and hydrogenated to grade A jet fuel.



Roger Stroud said algae biofuels offers NSW and Australia a new level of fuel security.

“At a time when all the petroleum refining capacity is closing down in NSW, this is the beginning of an era of renewable fuel which can be "grown" in the State and can substitute imported petroleum products,” said Roger Stroud.

Added benefits of the deal are the creation of hundreds of regional jobs in a new and emerging industry for the Newcastle and Hunter region.

“With this announcement today, NSW stands out as a global leader in the adoption of renewable technologies that makes our existing power generation infrastructure cleaner and produces valuable fuel oil.”

Roger Stroud said this deal reflects a genuine desire on the part of the NSW Government and the NSW power industry, to support solutions to mitigate carbon dioxide emissions from fossil fuelled power stations.

Images: <http://algaetec.com.au/news-room/image-gallery/>

Vision: <https://www.yousendit.com/download/WFJWZGlrkdc5eFdybHNUQw>

Macquarie Generation www.macgen.com.au

About Algae.Tec www.algae-tec.com Algae.Tec Ltd, founded in 2007, is an Australian advanced renewable oil from algae company that has developed a high-yield enclosed algae growth and harvesting system, the McConchie-Stroud System. The Company has offices in Atlanta, Georgia and Perth, Western Australia. The Algae.Tec bioreactor, an enclosed modular engineered technology, is designed to grow non-GMO algae on an industrial scale, and produce biofuels that replace predominantly imported fossil fuels. The Algae.Tec solution is less than one tenth the land footprint of pond growth options, while its enclosed module system is designed to deliver the highest yield of algae per hectare, and solves the problem of food-producing land being turned over for biofuel production.