

ASX PRESS RELEASE

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ALGAE.TEC DEMONSTRATION PLANT GRANTED REGULATORY PERMITTING APPROVAL IN AUSTRALIA

Perth, Western Australia/Atlanta, Georgia – 18 October, 2011 - Algae.Tec Limited (ASX:AEB, FWB:GZA:GR, ALGXY:US) an advanced algae to biofuels company with a high-yield enclosed algae growth and harvesting system announced today that its demonstration facility **Shoalhaven One** has been granted development approval under the Shoalhaven City Council Environment Planning and Assessment Act.

The Algae.Tec enclosed modular technology captures carbon dioxide waste from power stations and manufacturing facilities, which feeds into the algae growth system.

Shoalhaven One will be sited next to the Manildra Group's industrial facility, south of Sydney in Australia. Manildra Group is the nation's largest ethanol producer.

"The Algae.Tec algae photo-reactors will take a carbon dioxide feed from the ethanol fermenters into the algae growth system," said Algae.Tec Executive Chairman Roger Stroud.

According to the Shoalhaven City Council approval has been granted to Algae.Tec for an:

"Algae Demonstration Plant for the evaluation of algae production and processing for alternative fuel and CO2 sequestration."

The permit is effective immediately and is valid for the next three years at which time an application can be made for an extension.

Algae.Tec Executive Chairman Roger Stroud said Algae.Tec offers a solution for carbon emitting companies and industries seeking carbon dioxide reduction technologies.

"Algae.Tec is one of few advanced biofuels companies globally with an enclosed modular engineered technology designed to grow algae on an industrial scale and produce biofuels that replace predominantly imported fossil fuels for transportation use," said Stroud.

The photo-bio reactors are currently being assembled at the company's USA headquarters, the *Algae Development & Manufacturing Centre* in Atlanta, Georgia, an 18,200 square foot fabrication facility.



The Algae.Tec solution is less than one tenth the land footprint of pond growth options, while its enclosed module system is designed to produce algae biomass in virtually any environment on the planet.

The enclosed modular 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.

About Algae.Tec (www.algaetec.com.au)

(ASX: AEB, FWB: GZA:GR, ALGXY:US)

Algae.Tec, founded in 2008, is an advanced renewable oil 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 initial two commercial facilities will be deployed in the USA and Australia. The target size is a minimum of 250 modules in each location.

The company has a highly experienced global team with over 200 years of technical, professional and business expertise in key energy and environmental industries and core competencies in biofuel technologies and energy markets.

The McConchie-Stroud System is a high efficiency microalgae production technology via a modular photo-bioreactor system, which features improved algae harvesting and product refinement technologies. Its algae technology has demonstrated exceptional performance in productivity, product yield, carbon dioxide sequestration, and production unit footprint requirements versus agricultural crops and other competitive algae processes in the industry.