



NEWS RELEASE

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**ECODIESEL PIONEERS COMMERCIAL PRODUCTION OF
BIODIESEL IN NEW ZEALAND**

New Zealand owned and Auckland-based Ecodiesel Limited, is successfully leading the charge in turning purified New Zealand tallow or animal fat, a by-product of meat processing, into a precious liquid 'green fuel' - biodiesel.

Ecodiesel announced today that it has secured sufficient equity from New Zealand investors to establish the first commercial scale biodiesel production facility in New Zealand. The plant will have the capacity to supply the Government's biofuel obligation of a major oil company, with initial production of 20 million litres of biodiesel by the end of 2008, increasing to 40 million litres of biodiesel per annum by the end of 2009.

Ecodiesel's production of bio diesel will support this week's introduction by Government of the Biofuel Bill. The legislation requires oil companies to blend a percentage of biofuels with the conventional fossil fuels available at the pump, commencing in 2008.

Biodiesel made from tallow has the lowest environmental footprint or Sustainable Process Index (SPI) of any biodiesel (according to the Institute for Resource Efficient and Sustainable Systems, Graz, Austria, *Process Evaluation Report*). Ecodiesel is an environmentally sound biodiesel which meets the Green Party's amendment to the Biofuel Bill. The amendment, through the introduction of a sustainability standard, requires biofuels to demonstrate that they do not impact on our food supply and/or the environment.

Dr Neil Domigan, Ecodiesel's Commercial Director says, "After many years of research and development and having now secured sufficient investment we are able to progress to a commercial scale operation. It's pleasing to be able to provide a cost competitive and

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sustainable biodiesel, produced from local by-products, to New Zealand consumers. We've been successfully running our own diesel vehicles on Ecodiesel for some time.”

Ecodiesel's conversion process has already been proven, with its current Auckland demonstration plant producing commercial quantities of biodiesel. This proven conversion process will be scaled up as the basis for the new commercial plant.

Ecodiesel's patented conversion process has a plant capital cost that is up to 75% lower than publicly released capital costs of other biodiesel plants contemplated in NZ. Ecodiesel's process requires less heat and less fossil fuel than other plants of similar scale. This translates into reduced operating costs, which makes Ecodiesel's production of biodiesel cost competitive and environmentally sustainable, especially when compared to crop sourced biofuels.

Ecodiesel is managed by a New Zealand based team of global experts in chemical engineering and biotechnology. It is supported by URS – one of the world's largest engineering, environmental management and planning companies - with considerable experience in developing biofuel facilities.

Biodiesel, a biodegradable and renewable biofuel, is successfully used internationally, particularly in Europe and the USA, to reduce the percentage of petroleum oil derived diesel used.

By using Ecodiesel product, both companies and individuals will reduce their carbon emissions and make their personal contribution to reducing climate change.

- Ends -

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Please also refer to Fact Box below.

Fact Box

Production

Ecodiesel will initially produce 20 million litres of biodiesel per annum – its plant is modular and will be expanded at low cost to increase production to 40 million litres per annum as demand grows.

The Supply

As a by-product of the meat industry, New Zealand produces approximately 130,000 tonnes of tallow annually surplus to its domestic requirements. This volume of tallow converts to 127 million litres of biodiesel.

Biodiesel Use

Biodiesel can be used in a diesel engine without modification. It is simple to use, biodegradable, non toxic and typically has less than 15ppm sulphur and is free of other compounds which cause damage to the environment. It is fully compatible with present fuel and engine technology. Biodiesel reduces nearly all forms of air pollution compared to petrodiesel. Specifically, biodiesel use reduces sulphur, carbon monoxide and particulate contaminant emissions.

Better for engines

In addition to being a New Zealand produced, renewable alternative fuel for diesel engines, biodiesel has positive performance attributes such as increased cetane, high fuel lubricity, and high oxygen content. These characteristics make it an excellent blending stock with fossil derived diesel. Additionally biodiesel has a solvent effect and usage reduces deposits in diesel engines.

Fuels such as biodiesel that have a higher cetane number have a shorter ignition delay which provides more time for the fuel combustion process to be completed. This means that diesel engines operate more effectively with higher cetane number fuels.

Gary Brockett, CEO, Ecodiesel pre-production plant

