OCEANFLOW SECURES WATERS FUNDING TO DEPLOY DEMONSTRATION DEVICE

6th July, 2010

Tidal stream energy developer Oceanflow Energy received a major boost today Tuesday 6th July 2010 in securing £0.56 million of public funding to support the build and deployment of its Evopod tidal energy device. The 35kW demonstration device (E35) will, pending consents, be deployed at a tidal stream site in Sanda Sound off the South Kintyre coast in 2013 and connected to the grid. The project will be undertaken by Oceanflow Energy's Scottish subsidiary Oceanflow Development Ltd and the unit will be constructed in Scotland.

Oceanflow received the grant from the Wave and Tidal Energy: RD&D Support (WATERS) fund, a £13 million initiative administered by Scottish Enterprise with the remit of supporting the development and testing of new wave and tidal stream prototypes in Scottish waters. The fund's aims are to support "early demonstration projects which will be vital to the sector's credibility and long term growth – unlocking the envisaged benefits and establishing Scotland as a leading nation in wave and tidal development".

Oceanflow's Evopod tidal stream turbine is an innovative device employing a patent protected semi-submerged floating platform and mooring system. Oceanflow believes that Evopod will provide an economic and low risk solution to significantly reduce tidal energy generating costs, particularly in the deep water harsh environment sites in Scotland where the bulk of this renewable energy resource resides.

The E35 serves the twin objectives of demonstrating viability for community scale projects along with design verification for up-scaling to megawatt sized devices for multiple deployments in the Pentland Firth and suchlike harsh environments.

This will be the first deployment of a commercial scale semi-submerged, tethered tidal stream turbine that can deliver useful amounts of power into the grid and follows a five year research programme including scale model tests and the testing of a 1/10th scale unit in Strangford Narrows, Northern Ireland.

The low motion Evopod floating platform and innovative mooring system which is patent protected is the first of its kind and addresses the need to minimise installation costs and ease the inspection and maintenance of the device.

Graeme Mackie, Managing Director of Oceanflow, said;

"We'd like to thank Scottish Enterprise for supporting the deployment of our first E 35 unit which will be built in Scotland and has application for community energy schemes at a number of coastal sites throughout Scotland. We are currently in discussion with the South Kintyre Development Trust (SKDT) and the grid

operator to install the grid connected device in Sanda Sound and we are looking forward to working with the community to deliver this project. This is the second phase of a project to assess the potential of the Sanda Sound site, the first phase involving a feasibility study carried out by Aquamarine Power for SKDT. Sanda Sound can be a harsh environment and it will be a good test of our technology for the eventual deployment of larger output units at sites off the Kintyre peninsula and in the Pentland Firth."

"As a relatively small and independent company we are really excited about the opportunity to demonstrate the tremendous potential of our E35 unit. The timing of the WATERS funding support is perfect for Oceanflow as it follows private investment secured by the company in recent months and demonstrates the optimism of the market in our renewable energy product."

Malcolm McMillan, Powerdown Project Officer for the South Kintyre Development Trust, said;

"The South Kintyre Development Trust (SKDT) are delighted to be working with Ocean Flow Energy on this pioneering project. We believe that tidal stream energy will be a significant contributor to the mix of renewable energy in the future and Kintyre has a significant resource that should be used. It is our hope that in the short term the local community will benefit from the development of tidal stream technologies such as the Evopod."

For further information, contact:

Oceanflow Energy Limited

Info@OceanflowEnergy.com
Graeme Mackie
Tel: +44 191 296 6339

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Notes to Editors:

Oceanflow Energy Limited

- The E35 is a 35kW version of the company's Evopod technology. Evopod is a patented floating, semi-submerged, moored platform supporting a horizontal axis turbine, much like a wind turbine only under water. The E35 can work as part of a community energy scheme for remote coastal communities.

- Oceanflow is developing Evopod units with outputs of up to 1.5MW with future development of twin turbine units of up to 2.4MW. Farms of these low visual impact devices can be moored at tidal stream sites to generate outputs of up to 160GWh/year (35,000 homes equivalent) from one square kilometre of sea space.

- Evopod has been developed to exploit the deeper water sites in areas such as the Pentland Firth where the bulk of Scotland's tidal stream energy resource exists. These harsh environment sites pose huge challenges in terms of

installation, operation and maintenance and Oceanflow believes that its floating, semi-submerged, tethered solution is a realistic and safe solution for the industry.

- The company's founder and MD Graeme Mackie has successfully led technology developments in the areas of offshore oil and gas production and wave energy before focusing on floating tidal turbine technology. The technical team at Oceanflow is guided by an experienced board of non-executive directors from the marine, oil and gas and renewable energy sectors.

- Oceanflow has carried out extensive testing of its Evopod technology at Newcastle University and has made its scale prototype available for fundamental research into tidal stream energy conversion at Queen's University Belfast and Newcastle University.

- Oceanflow has won a number of awards for its innovative tidal stream turbine:

    - North East "Spirit of Innovation" overall winner 2006
    - ONE North East "Environment Award" 2009
    - Shell "Springboard Award" regional winner (Scotland and North of England) 2009

- Evopod is a registered trademark of Oceanflow Energy Limited.

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