

BIOPOWER SYSTEMS FORMS ALLIANCE WITH SHANGHAI ELECTRIC

Sydney, Australia; 15 October 2012: Ocean energy company, BioPower Systems, announced that it has formed a strategic alliance with the major Chinese industrial group, Shanghai Electric Power Generation Group. The alliance between the two companies is aimed at collaborating on technical developments to advance the bioWAVE ocean wave energy system to the commercial stage.

Speaking at the All-Energy conference in Melbourne last week, the CEO of BioPower Systems, Dr Timothy Finnigan, said "It will be necessary for ocean energy systems to be both substantial in scale and technically sophisticated, in order to become cost competitive."

"This alliance, between BioPower Systems and what is one of the largest diversified equipment manufacturing groups in China, intends to enable development of the bioWAVE to a commercial stage within a reasonable time frame."

Earlier this year, the Australian Government announced a funding contribution of \$5.6 million from the Emerging Renewables Program to BioPower Systems in support of the 250kW bioWAVE pilot demonstration project at Port Fairy, Victoria. This added to the \$5 million grant from the Victorian Government's Sustainable Energy Pilot Demonstration program, awarded to the company in December 2011.

The Port Fairy pilot demonstration project, which is currently entering the construction stage, is intended to trial the bioWAVE technology at an ocean site located 850 metres from shore in 30-metre deep water, with power delivered to the national electricity grid via a subsea cable. Installation of the 250kW bioWAVE unit is scheduled to occur in late 2013.

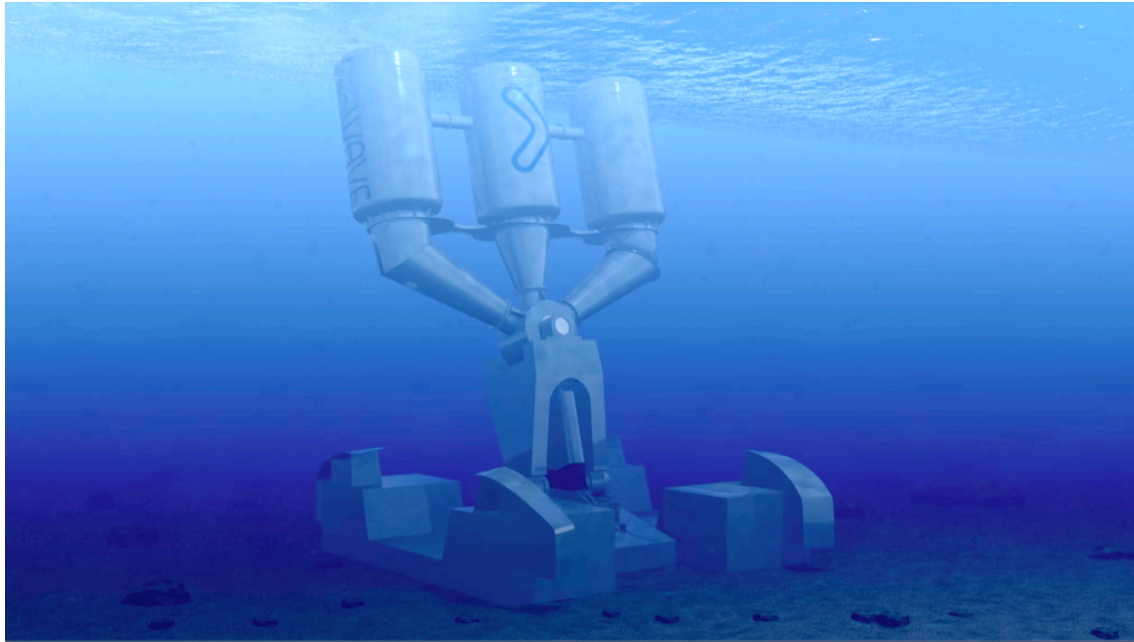
The upcoming pilot demonstration at Port Fairy follows a 6-year R&D program, during which BioPower Systems has built and validated its O-Drive 250kW module, which is designed to plug into wave and tidal energy systems, such as the company's bioWAVE and bioSTREAM. It is a detachable self-contained module that converts the oscillating forces from the ocean into AC power.

Shanghai Electric will act as an observer during the Port Fairy project, becoming more technically involved as BioPower Systems moves on to the next stage of commercialisation, which includes development and operation of a 1MW commercial-scale bioWAVE system.

"With its expertise in power generation and manufacturing, including a new division for manufacture of wind turbines, Shanghai Electric has ample capacity to assist BioPower Systems with further development of the bioWAVE technology," said Dr Finnigan.

About bioWAVE

bioWAVE is a submerged wave energy system that sways back and forth beneath the ocean swell waves, moving with the forces of nature, rather than acting against them. It exhibits several clear advantages over other wave energy systems including energy capture both at the surface and below, ability to streamline by lying flat against the seabed during extreme conditions, modular construction for ease of assembly and maintenance. The bioWAVE produces grid-ready AC power onboard, and delivers it ashore via subsea cable. A 30-metre 250kW pilot bioWAVE is scheduled to commence the construction phase near the end of 2012, with deployment scheduled for late 2013. A 1MW commercial-scale bioWAVE project is planned to follow the pilot demonstration.



About BioPower Systems

Ocean energy company, BioPower Systems, is commercialising wave and tidal energy products that incorporate revolutionary designs based on the concept of biomimicry. BioPower Systems is designing its ocean energy products to naturally avoid extreme forces, resulting in anticipated significant cost savings. The proprietary bioWAVE and bioSTREAM products are intended for use in multi-unit farm installations for delivery of utility-scale clean renewable power to onshore distribution grids.

www.biopowersystems.com

About Shanghai Electric

As the largest equipment manufacturing enterprise in China, with the energy industry as its core business, Shanghai Electric is committed to the development of energy-conserving and environment-friendly equipment. Shanghai Electric places its focus on low-carbon emissions and is engaged in projects for developing new clean energy equipment.

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