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GREENERGY AND TESCO TARGET EUROPEAN BIOFUELS MARKET

- Funding Secured for New Biodiesel Plant as European Demand Soars
- Greenergy Shareholder Tesco Supports £10 million plant

London: Greenergy Fuels Ltd, a fuels business with annual sales of £1 billion and a leader in the supply of premium quality biofuels, announced today that it has joined forces with shareholder Tesco to service the rapidly growing European biofuels market. The partnership with Tesco will enable Greenergy to extend its existing domestic and European biodiesel supply operations by building the UK's largest single-line biodiesel production facility.

Capitalised at over £10 million and scheduled to open Q2 2006, subject to the usual consents, the plant will initially have 100,000 tonnes per annum production capacity. Its intended location at Immingham on the Humber Estuary will allow cost effective distribution across the UK and into Europe with supply of rapeseed, the main oilseed for the facility, secured under existing contracts with the UK farming community.

Andrew Owens, Chairman of Greenergy Fuels Ltd commented:

“We are pleased to announce that funding is now in place to build this plant and that we are on schedule to open Q2 2006. At a time when supply constraints are leading to high oil prices, and there is increasing Government focus on effective and immediate reductions in carbon dioxide emissions, low carbon, renewable biodiesel offers a vital part of the solution.

“Used as a blend in standard fuel mixes, biodiesel can provide security of supply through UK sourcing, and reduce the greenhouse gas emissions required if climate change commitments in the transport sector are to be met.”

The announcement comes as the Government makes tackling climate change a key objective of its G8 and EU Presidencies, with the renewable fuel biodiesel central to the Government's strategy to reduce transport-related carbon emissions. Biodiesel already benefits from a duty incentive in the UK and a Renewable Fuels Obligation looks set to stimulate demand further.

At the same time the European market, in particular France and Germany, is experiencing rapid growth in demand driven either by mandated use or by low or zero fuel duties, coupled with a shortage of plants able to deliver cost effective processing and distribution.

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Daniel Quinn of Tesco added:

“We are very pleased that our partnership with Greenergy has resulted in the development of the UK’s largest single line biodiesel plant. Shoppers have asked for our help in buying more environmentally friendly high performance fuel. The availability of GlobalDiesel at 23 Tesco stores across the UK means many customers can do their bit for the environment. This new plant will help the growth of the biofuels market in the UK.”

Discussions are underway with potential partner investors including Louis Dreyfus, the global agricultural commodity and energy trader, and Grainfarmers, the UK’s largest farmer owned arable business and one of the merchants offering the Field to Forecourt® contract to buy rapeseed from UK farmers for biodiesel production.

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Notes to Editors;

1] Biodiesel is a diesel produced from the chemical conversion of agricultural oils such as rapeseed oil produced by crushing rapeseed.

2] The biodiesel market

Located on the east coast of England, the markets for this biodiesel production facility are within the UK and mainland Europe. In Europe, biodiesel demand is rising sharply driven by Governments’ response to the European biofuels Directive, which requires them to set targets for biodiesel usage in their country as a proportion of total diesel usage. The targets are progressive, starting at 2% of the diesel market (350,000 tonnes of biodiesel) in 2005 and rising to 5.75% (1.2 million tonnes of biodiesel) by 2010. The 2005 target is a five fold increase on current biodiesel usage levels in the UK.

3] Greenergy Fuels Ltd

Greenergy Fuels Ltd is 25% owned by Tesco and is the UK’s leading importer, blender, trader and marketer of petrol and diesel and a major player in the UK biodiesel industry supplying in excess of 1.75 million tonnes of fuel per annum. As an established oil company with links to the agricultural community and a leading environmental brand, Greenergy is ideally positioned to exploit the biodiesel market through the construction of a biodiesel plant. It has the experience and infrastructure allowing it to handle the diesel as well as the biodiesel component of biodiesel blends and benefits from established relationships with the major petroleum oil companies. The project is also backed by a Memorandum of Understanding for supply of biodiesel to ConocoPhillips.

4] The plant will be owned and operated by Greenergy Biofuels Ltd, a newly formed subsidiary of Greenergy Fuels Ltd. The main process technology contractor is De Smet Ballestra of Italy and Greenergy has appointed Currie and Brown as its project manager.

5] Greenergy’s branded biodiesel blend, GlobalDiesel®, is suitable for use in all diesel vehicles and is guaranteed to cut greenhouse gas emissions by 5%. It is marketed to supermarkets and a variety of corporate and public sector fleet users.