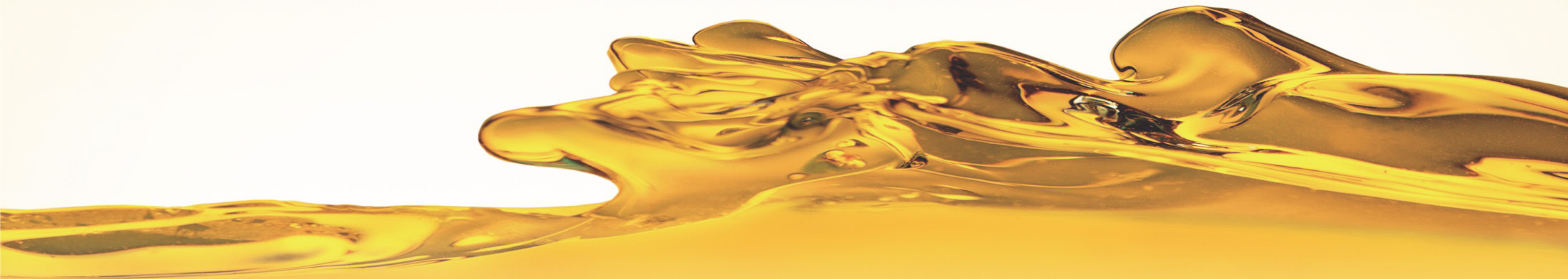
Rev E 5 Mar 2012

OriginOil®

End to End Algae Production Model



Highlights Of The OriginOil Study

24 February 2012

CONVERTING ALGAE TO RENEWABLE CRUDE OIL

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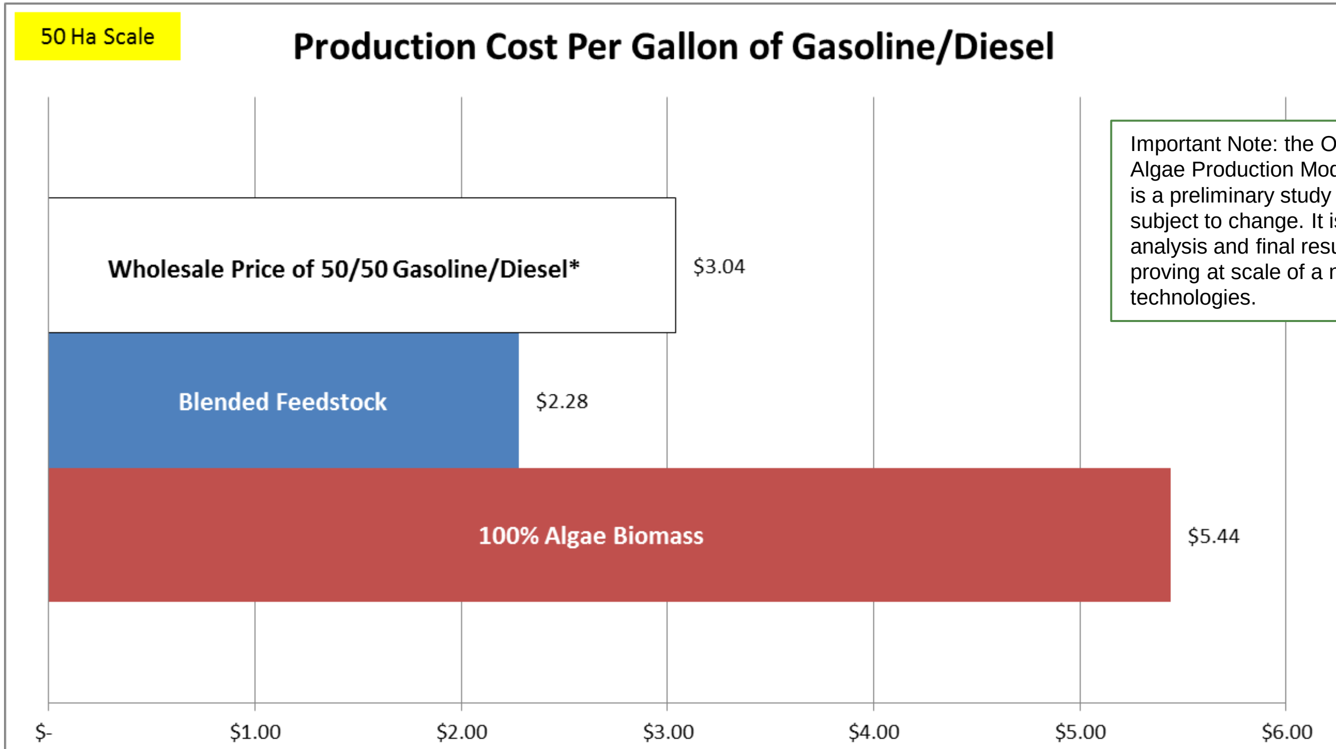
Study: Algae-Based Fuel Now Profitable.



Important Note: the OriginOil End to End Algae Production Model referenced here is a preliminary study and numbers are subject to change. It is a theoretical analysis and final results will depend on proving at scale of a number of still-new technologies.

Prices: http://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_nus_w.htm
Cost Breakdown: http://www.eia.gov/petroleum/gasdiesel/

* Wholesale price is based on average price of gasoline and diesel (US, 2/20/2012) after cost of crude oil and refining, before marketing, distribution and taxes.

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Fuel Production Directly Onsite

- **Algae producers can make renewable gasoline and diesel cost-effectively right at their site of production.**
- These fuels are an ideal “insertion point” for refineries, permitting further upgrades (jet fuel etc.) by refiners.
- End to End Model indicates:
  - Potential for production costs for blends to be profitable now, without subsidy.
  - Pure algae biomass within reach of profitability.
- That’s with no subsidies or preferences, no premium for “green” fuels.

This proves a point, but many producers will choose to make biocrude, which can be converted into higher-priced renewable chemicals as well as fuel fractions.

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What's New?

- Improved production assumptions based on field experience.
- Implementation of advanced growth techniques to boost productivity.
- Improved cost numbers for harvesting stage based on experience.
- Algae may be blended with other feedstocks such as waste.
- On-site fuel conversion technology that allows algae producers to make gasoline and diesel themselves onsite*.

OriginOil plans to integrate its Algae Appliance™ harvester with downstream conversion technologies* for a single end to end harvest-to-fuel solution for algae producers.

* See Technology Note at end page.

SOME NUMBERS

CONVERTING ALGAE TO RENEWABLE CRUDE OIL

Results – Profit and Loss

	1 HA		50 HA	
RESULTS - P&L	**Value**	**Unit**	**Value**	**Unit**
REVENUE				
Ancillary Sources				
Daily Revenue from Carbon Credits	40	$	2,015	$
Daily Revenue from Wastewater Treatment Credits	55	$	2,753	$
Biomass Feedstock				
Daily Revenue from Fuel & By-Products	9,313	$	465,674	$
Total Daily Revenue	**9,409**	**$**	**470,441**	**$**
Total Annual Revenue	**3,293,088**	**$**	**164,654,383**	**$**
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Daily Cost of Blended Biomass Feedstock less Algae Biomass	1,255	$	62,757	$
Daily Capex/Opex for Conversions to Gasoline/Diesel with IH2	5,380	$	268,981	$
Total Daily Capex/Opex for Conversion to Gasoline/Diesel	**6,635**	**$**	**331,738**	**$**
Total Annual Operating Costs	**2,647,765**	**$**	**130,877,442**	**$**
Annual Revenue	**3,293,088**	**$**	**164,654,383**	**$**
Annual Costs (Debt Service + Operating Costs)	**2,789,150**	**$**	**134,089,722**	**$**
Annual Profit/Loss	**503,937**	**$**	**30,564,661**	**$**

Full model available in confidence to industry partners.

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Results – Resources (per Hectare)

RESULTS - Resources	1 HA Metric Value	Metric Unit	U.S. Value	U.S. Unit
FACILITY				
Land Required	1.00	ha	2.47	ac
RAW MATERIAL INPUTS				
Daily Water Requirements	5,505	L	1,454	gal
Daily Carbon Dioxide Requirements	4.03	MT	4.44	US Tons
Daily Nitrogen Requirements	0.0	kg	0.0	lb
Daily Phosphorus Requirements	0.00	kg	0.00	lb
ENERGY REQUIREMENTS				
Daily Energy Requirements for Algae Growth	284	kWh		
Daily Energy Requirements for Harvesting	456	kWh		
Total Daily Energy Requirements after Free or Waste Energy	740	kWh		
Total Annual Energy Requirements	**259**	**MWh**		
PRODUCT YIELDS				
Daily Biomass Harvest	2,202	kg	4,855	lb
PRODUCTION COSTS				
Cost of Producing Dry Weight Algae Biomass	**0.61**	**$/kg**	0.27	$/lb
Cost of Producing Fuel (Blended Feedstock)	**0.63**	**$/L**	2.37	$/gal
Cost of Producing Fuel (All Algae Feedstock)	**1.74**	**$/L**	6.59	$/gal

CONVERTING ALGAE TO RENEWABLE CRUDE OIL

Results – Resources (50 Hectares)

	50 HA			
RESULTS - Resources	**Metric Value**	**Metric Unit**	**U.S. Value**	**U.S. Unit**
FACILITY				
Land Required	50.00	ha	123.55	ac
RAW MATERIAL INPUTS				
Daily Water Requirements	275,250	L	72,713	gal
Daily Carbon Dioxide Requirements	201.48	MT	222.10	US Tons
Daily Nitrogen Requirements	0.0	kg	0.0	lb
Daily Phosphorus Requirements	0.00	kg	0.00	lb
ENERGY REQUIREMENTS				
Daily Energy Requirements for Algae Growth	13,975	kWh		
Daily Energy Requirements for Harvesting	19,613	kWh		
Total Daily Energy Requirements after Free or Waste Energy	33,588	kWh		
Total Annual Energy Requirements	**11,756**	**MWh**		
PRODUCT YIELDS				
Daily Biomass Harvest	110,100	kg	242,729	lb
PRODUCTION COSTS				
Cost of Producing Dry Weight Algae Biomass	**0.47**	**$/kg**	0.21	$/lb
Cost of Producing Fuel (Blended Feedstock)	**0.60**	**$/L**	2.28	$/gal
Cost of Producing Fuel (All Algae Feedstock)	**1.44**	**$/L**	5.44	$/gal

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Growth, Harvesting, Conversion

MORE GRAPHS

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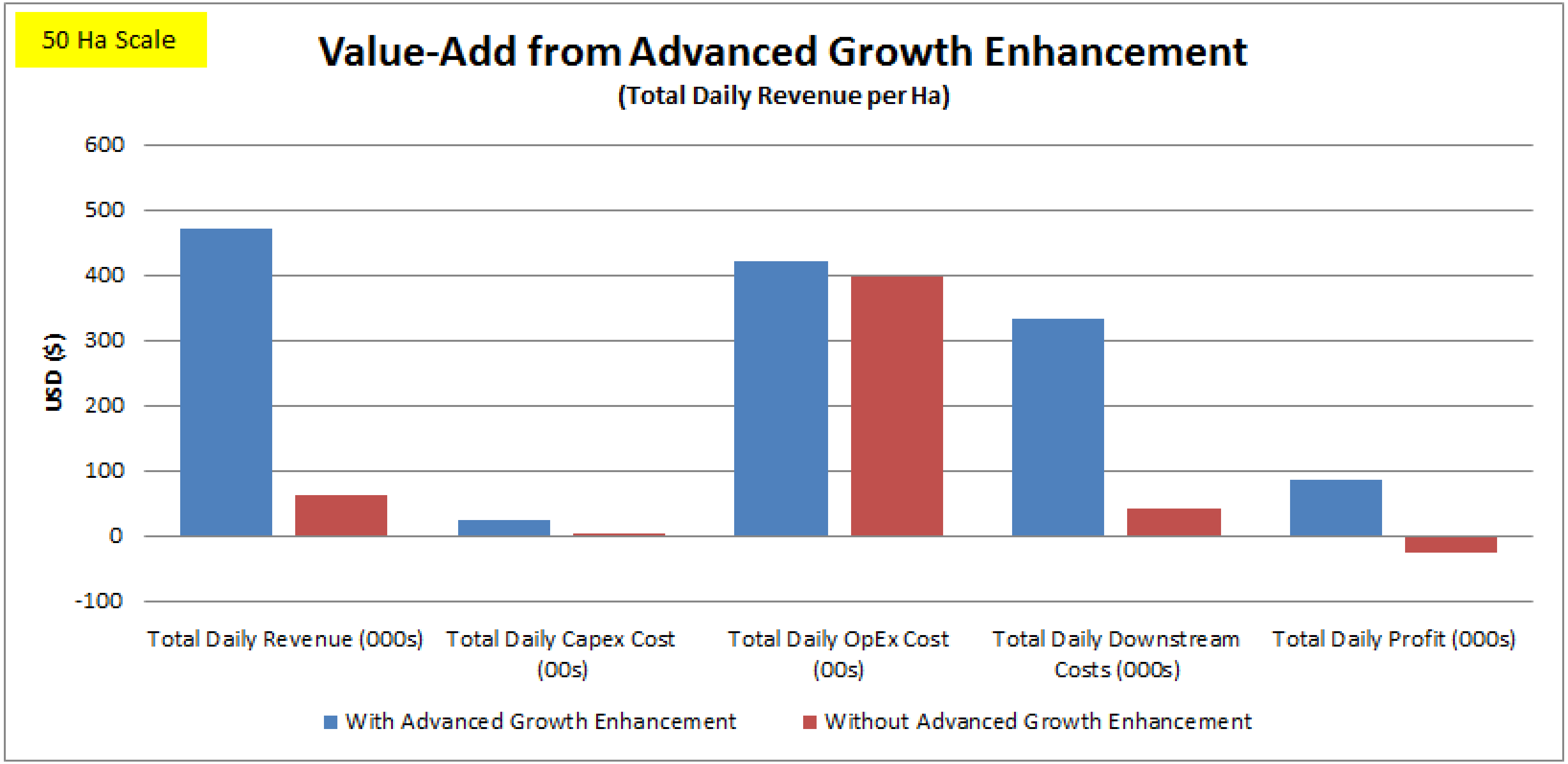
Advanced Growth is Key to Profitability…



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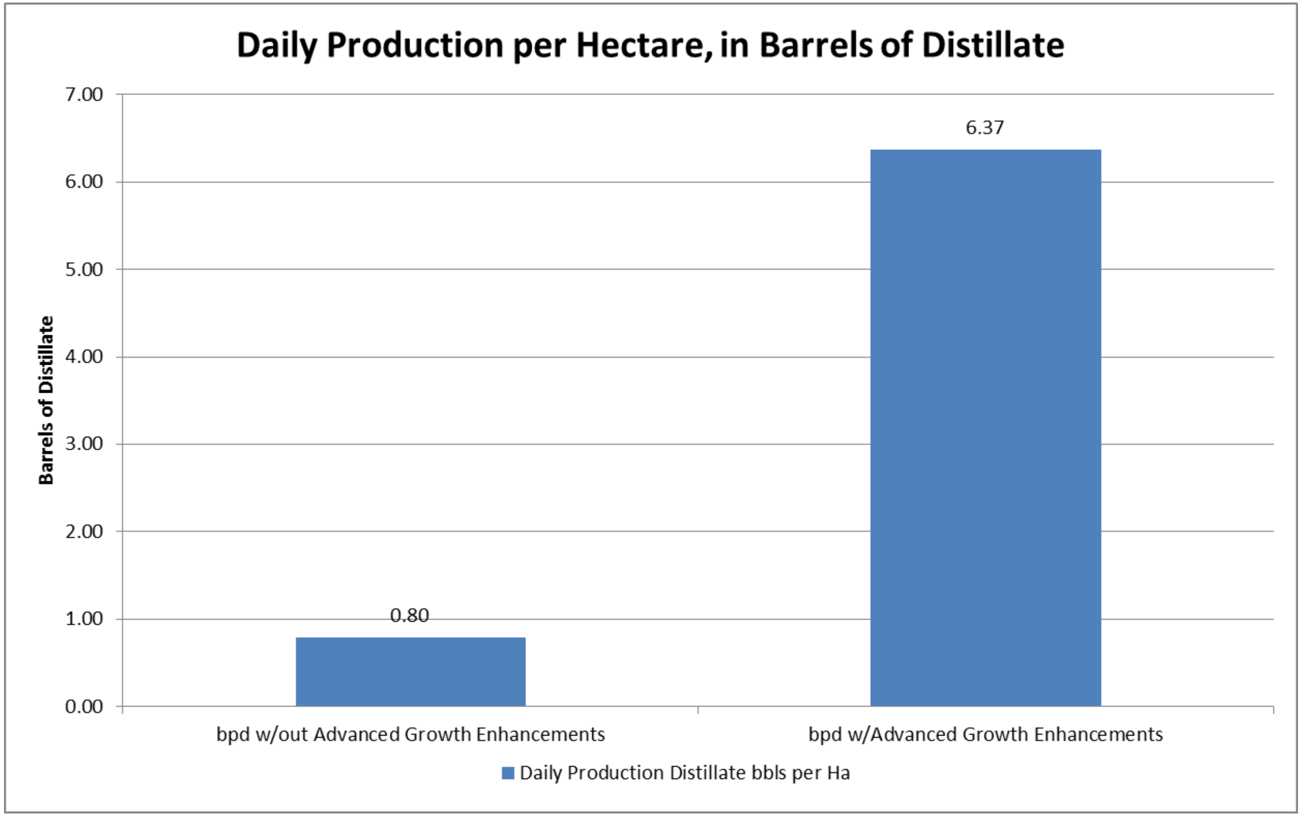
...Making Algae Production 8x More Efficient.



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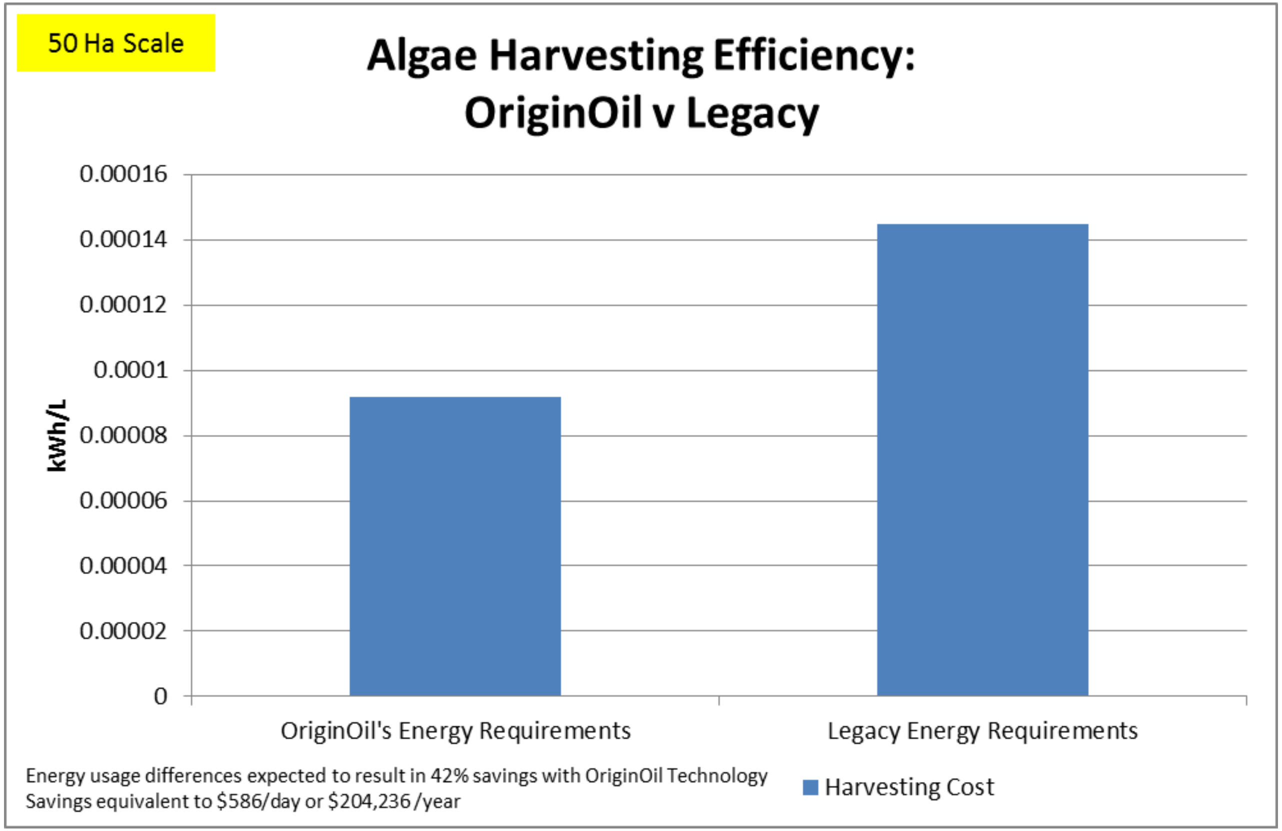
OriginOil Harvesting is 42% More Efficient…



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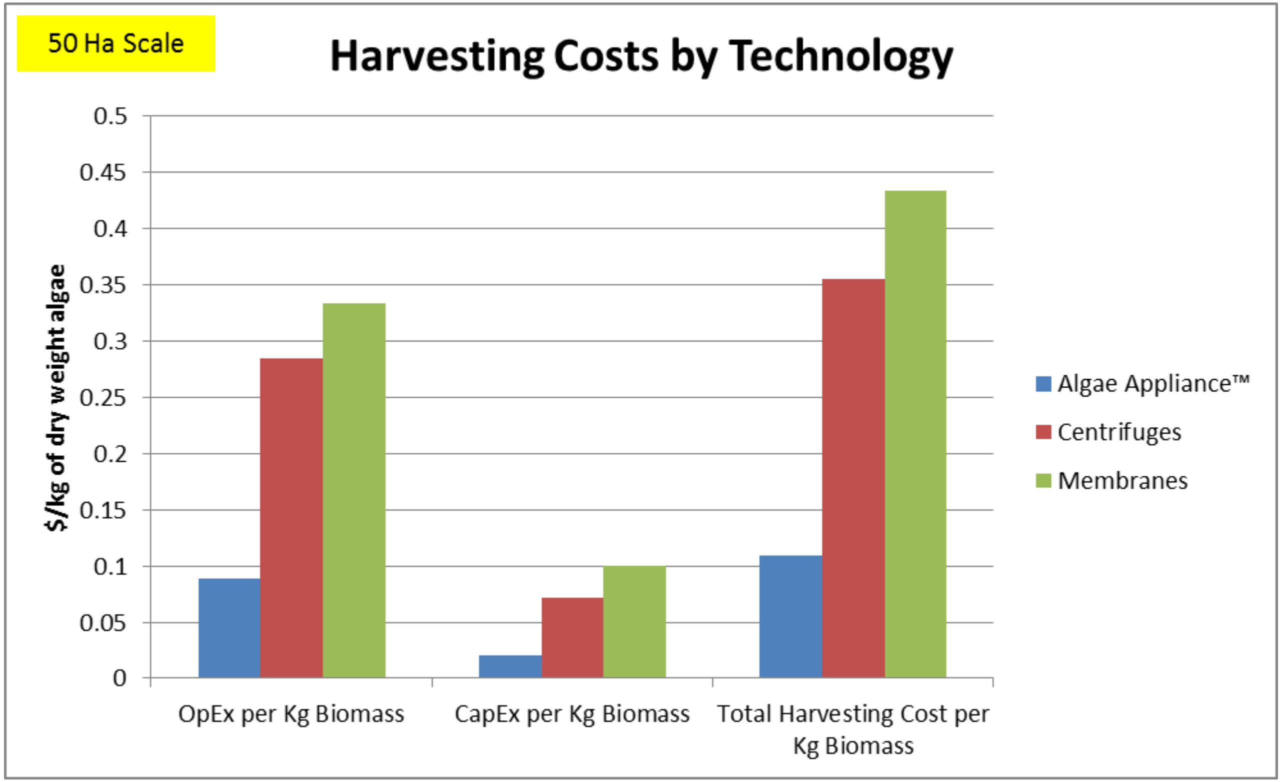
…While Costs Are Up to ¼ of Competitors.



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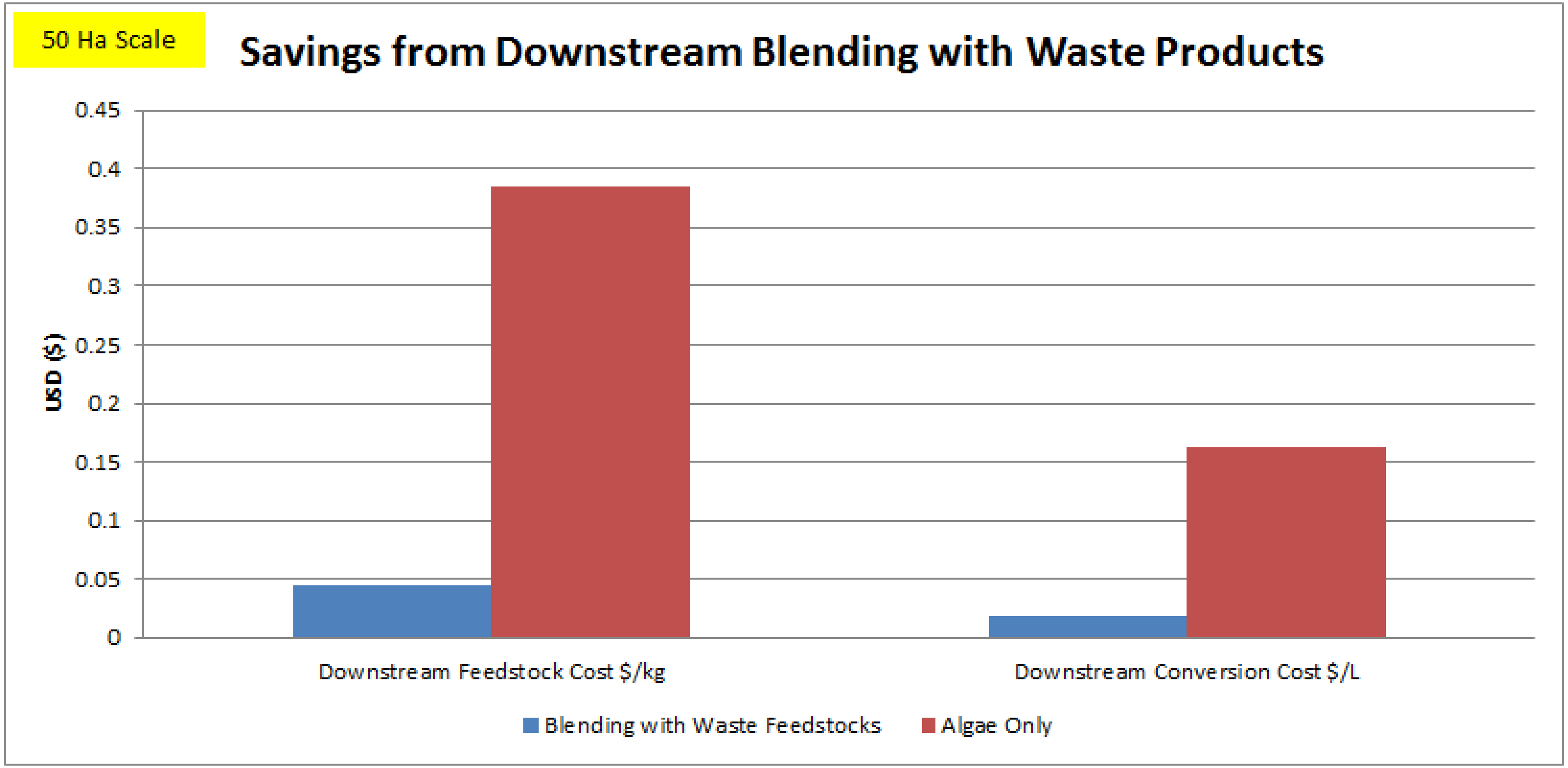
Blending Achieves Unit Cost Reduction…



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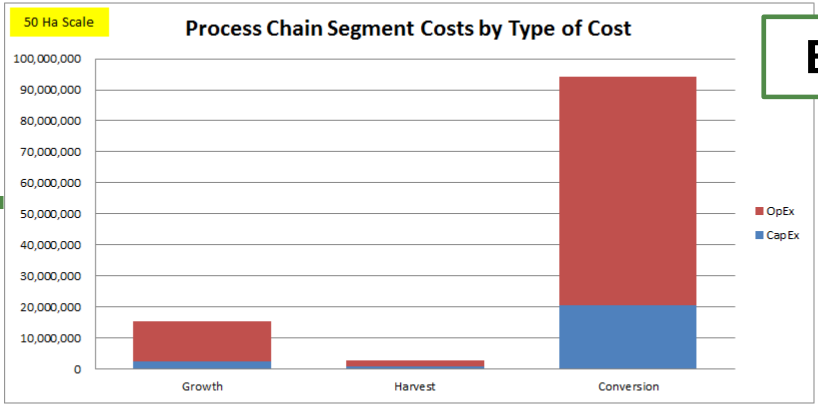
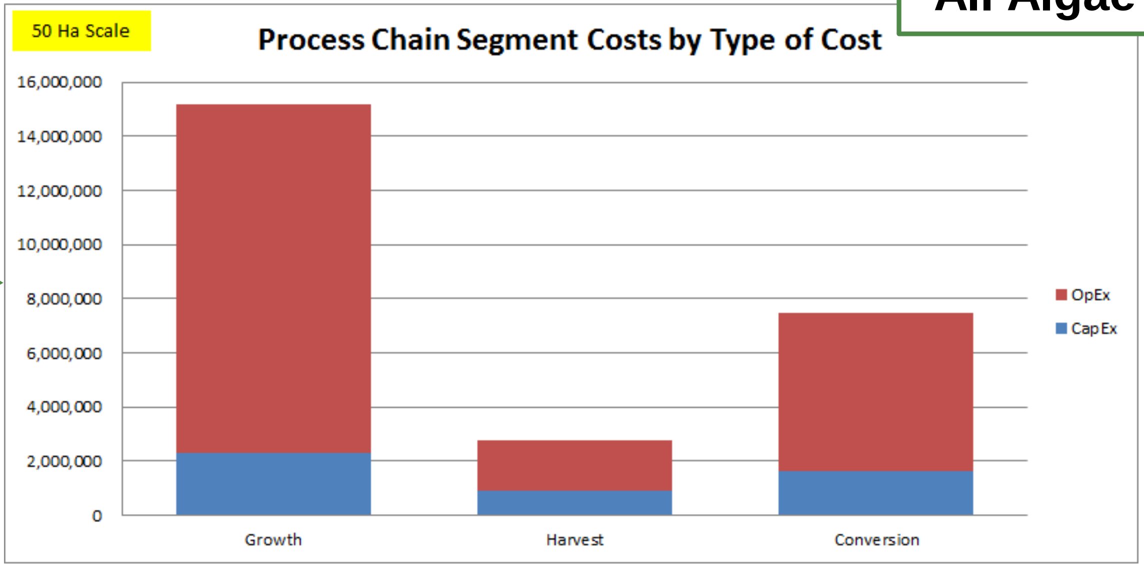
... With Greater Conversion Cost Burdens…



Blended

All Algae



Note change of scale from blended to 100% algae

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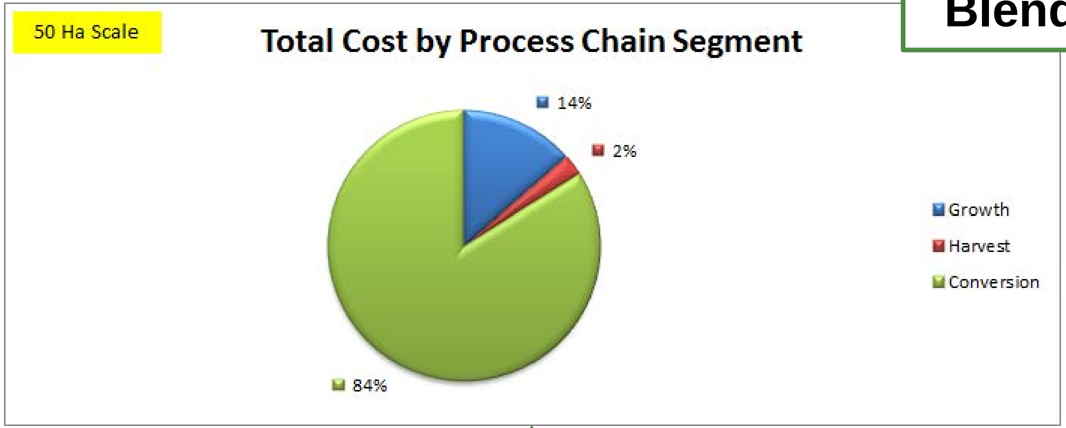
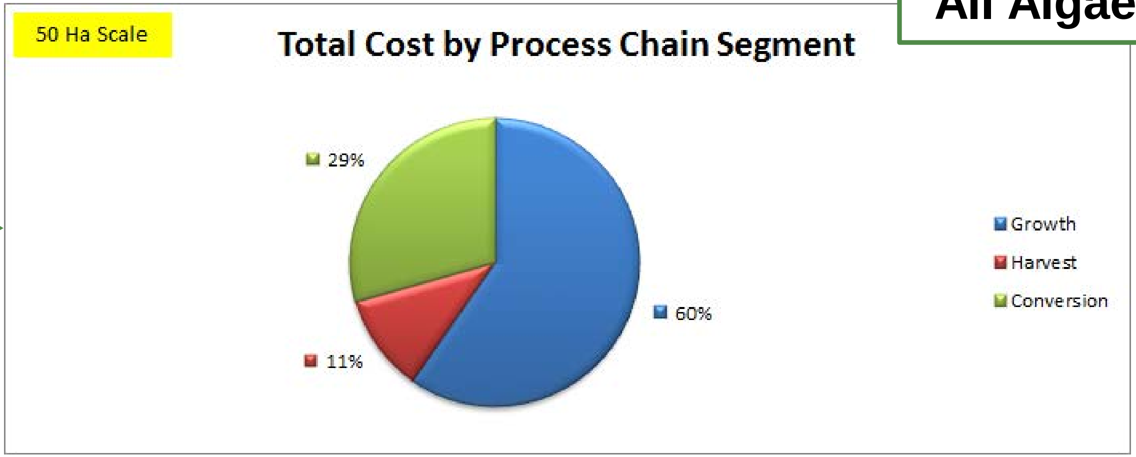
... As Algae is More Conversion Efficient.

Blended



All Algae



Much Greater Conversion cost ratio for Blended vs. All Algae

Conclusions

- Algae producers are able to make gasoline and diesel cost-effectively onsite.
- They can also make biocrude cost-effectively for downstream conversion into high-value plastics and chemicals.
- Advanced growth technologies are essential to cost-effective production for fuels and chemicals.
- OriginOil harvesting technology reduces costs by as much as 75% over competitors.
- Blending waste achieves the lowest cost point – but 100% algae is more conversion efficient, requiring lower capital and operating costs.

With these new technologies, algae is now able to compete for a high-value share of the 86 million barrel/day world petroleum market.

A Note on Fuel Conversion Technology

Technology Note

CRI's IH2 Process was adopted for this model. (IH2: Integrated Hydropyrolysis + Hydroconversion)

(The IH2 process converts virtually any type of non-food biomass feedstock—such as wood, agricultural residues, algae, and aquatic plants. High-quality hydrocarbon fuels and/or blend stocks (in the gasoline, jet and diesel range) have been produced by the IH2 technology in tests using a broad spectrum of biomass feed. IH2 products are fungible with fossil-derived fuels and are completely compatible with current infrastructure.)

Other processes being investigated for integration in collaboration with DOE's Idaho National Laboratory (INL): Licella, Honeywell, Envergent, Dynamotive, Kior, Solray, BTG, HTU Process, TCOM System… and more.

Please contact the OriginOil Partners desk to review the full model and to collaborate on downstream process evaluations.

OriginOil, Inc.

(OTCBB: OOIL)

www.originoil.com

partners@originoil.com

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