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Algal Fuels Consortium (AFC) won \$2.724M in Australia Government's Development Grant

Sancon is the Founding Commercial Partner to the AFC

SHANGHAI--([BUSINESS WIRE](#))--Sancon Resources Recovery Inc. (OTCBB:[SRRY](#)) (or "Sancon"), a rapidly growing environmental services and waste recycling company with operations in both China and Australia, announced today that Algal Fuels Consortium (AFC) has been successful in winning a research grant of \$2.724M under the Department of Resources Energy and Tourism's Second Generation Biofuels program in Australia. Sancon is the founding commercial partner to the AFC and has the right to commercialize the technology for China.

AFC comprises the Sancon Recycling Pty Ltd (a wholly owned subsidiary of Sancon Resources Recovery Inc.), Government of South Australia, South Australian Research & Development Institute (SARDI), Flinders University, Commonwealth Scientific Industrial Research Organization (CSIRO), and Flinders Partners. AFC is developing microalgal mass cultivation systems to generate biomass from Captured CO₂ emissions. This will be used as a feedstock to a pilot-scale second generation biorefinery for sustainable production of transport fuels and value added products.

The Chair of the Algal Fuels Consortium, Assoc. Prof Rob Thomas says, "This truly collaborative research project will produce biomass from native strains of microalgae, from which biodiesel will be produced on a scale that is commercially viable. At the same time, the project will produce high value by-products including Omega-3 fatty acids, bioactive peptides and carotenoids used by the nutraceutical industry." The South Australian Minister for Agriculture, Food and Fisheries, Paul Caica, congratulated the consortium for the significant funding announcement. He said that "South Australia aims to be a leader in renewable energy industries and this initiative strengthens that objective." The Australian Government funding will support the construction of 0.4 ha of raceway ponds on Torrens Island adjacent to the gas fired power stations. This will be one of the largest research biorefineries in Australia with the potential to be scaled up to 15 ha. This is a complex project and needs access to a range of skilled researchers. The AFC has access to 70 researchers with expertise in algal culture, post combustion carbon capture, harvesting and dewatering, extraction and bioprocessing. The project will enable AFC to showcase this national capability to international investors for commercial uptake.

Microalgae have the potential to produce up to 10 times the volume of biofuels in comparison to traditional oilseed crops grown on the same land footprint. But unlike oilseed crops, microalgae can use non-arable land and seawater. This would result in major economic and social benefits. Most importantly, carbon dioxide is fixed by the microalgae as it grows, thus helping us recycle our carbon emissions.

This innovative renewable energy project is a major step forward from the small scale research conducted to date by the AFC partners. Under this project, the consortium partners will improve native microalgal strains to be grown in ponds optimized for productivity, with carbon and nutrient delivery. The AFC will also develop low cost and efficient harvesting, dewatering, and oil extraction technologies and perform subsequent bioprocessing to produce high value co-products alongside biodiesel. The AFC will also undertake economic and life cycle analysis during this project in order to support a full commercial venture. The AFC has already attracted interest from a number of major international companies looking to develop large scale renewable energy technologies from microalgae.

Mr. Jack Chen, CEO of Sancon said: “The long term strategy of Sancon’s involvement and support of AFC has always been to enhance the commercialization of the technology by becoming a leader in the production of biofuels, which will not require agricultural land, based on AFC’s algae biotechnology. A step forward from this involvement will provide opportunities to improve China’s river and shoreline environments utilizing Sancon’s current China infrastructure. By just replacing a fraction of China’s mineral diesel with biodiesel produced from microalgae would generate a turnover of around of billions of dollars, create around thousands direct new jobs and bring about a reduction of millions tones of fossil carbon dioxide emissions.”

About Sancon Resources Recovery Inc

The existing core business of Sancon Resources Recovery Inc. is to provide environmental and waste recycling services in China and Australia. Sancon's operations are fully licensed by the Chinese government and certified to ISO9001 and ISO14001 standards. For more information please visit:

www.sanconinc.com.

Forward-looking statements:

The statements made in this press release, which are not historical facts, may contain certain forward-looking statements concerning potential developments affecting the business, prospects, financial condition and other aspects of the company to which this release pertains. The actual results of the specific items

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