



Press Release

15 September 2011

Bluewater Bio International
(“Bluewater Bio” or the “Company”)

**Bluewater Bio acquires suite of highperformance
multimedia filtration technologies from FilterClear Ltd, Scotland**

Bluewater expands technology portfolio

Bluewater Bio, a global specialist in the treatment of wastewater, has completed the acquisition of **FilterClear Ltd’s** portfolio of advanced multimedia filtration technologies, including the Spruce Filter. The acquired technologies are applicable to both the water and wastewater treatment markets globally, which was a key driver behind the acquisition reflecting Bluewater Bio’s existing international footprint. The technologies will be marketed by Bluewater FilterClear Ltd, a newly formed subsidiary.

Glasgow based, FilterClear was established in 2003 and its technologies have to date shown impressive performance in over 60 commercial installations. Current clients include Scottish Water, Northumbrian Water, Diageo, Gilead Sciences Ltd, Saudi Aramco and Michelin.

Key defining features that make the technology attractive to existing customers include the unusually high throughput rate and solids retention that can be achieved, the high dirt holding capacity and low volume of backwash waste, making it potentially the best available technology for a number of important filtration applications. The especially high throughput is up to four times greater than competing technologies, enabling much reduced plant size, and associated savings on capital expenditure filter vessels, peripheral equipment, space and weight.

Daniel Ishag, CEO Bluewater Bio, commented, “Bluewater Bio is extremely pleased to have acquired this exciting collection of technologies from FilterClear, at a stage when they are ready

to scale into key international markets for potable, desalination and tertiary wastewater treatment. This complements our core wastewater technologies by enhancing the final effluent quality for reuse applications, and provides one of our first gateways into desalination and potable water treatment. FilterClear is another key step in the expansion of our technology portfolio and I would like to take the opportunity to welcome Brian Souter's, Souter Investments and Scottish Enterprises as new shareholders to Bluewater Bio."

Financial advisers for the acquisition:

Inverleith Capital, providers of bespoke advice for small and midcap companies in Scotland, advised FilterClear Ltd.

www.inverleithcapital.com

GP Bullhound, leading tech investment bank, advised Bluewater Bio.

www.gpbullhound.com

Legal advisers for the acquisition:

David Robinson, Partner at Fladgate LLP, one of the UK's top 100 law firms, advised Bluewater Bio.

www.fladgate.com/

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About Bluewater Bio

Bluewater Bio is a global specialist in the treatment of wastewater. Bluewater Bio's flagship product is the patented proprietary HYBACS™ system, a high-performance, cost effective advanced biological solution for the treatment of wastewater.

Bluewater Bio has a growing technology portfolio arising from in-house R&D and product development, by collaboration with key technical partners including Cranfield University School of Water Sciences, Nankai University in China, and finally by acquisition of proven, innovative water and wastewater treatment technologies including Water Innovate Ltd, the spin-out from Cranfield and most recently the acquisition of FilterClear Technologies from the founding shareholders.

The HYBACS™ system, the Company's lead technology, has been gaining commercial traction among a growing number of companies in Europe, South Africa and in the Middle East, on the basis of its commercial superiority to comparable existing high performance treatment processes worldwide, across a wide range of treatment requirements. The HYBACS system is an innovative nutrient removal 'hybrid activated sludge' system, which was developed from a process originating in South Korea. It is applicable to new as well as existing works, over a wide range of scales, and has been proven commercially in over 25 applications, with Bluewater Bio's latest contract win being for the 100,000m³/day upgrade of the largest existing treatment works in Bahrain, at Tubli Bay.

HYBACS is not only highly applicable to the municipal treatment sector and a much wider range of high strength organic industrial wastewaters from food or beverage production, leachate and livestock waste treatment. Bluewater Bio aims to present customers with solutions which provide benefits in capital and lifetime cost, treatment performance, ease and speed of plant deployment, and well suited to combine with tertiary filtration for high quality water reuse applications.

The HYBACS system, which deploys the Company's SMART Units, which are low footprint, low energy, very high performance rotating biomass-reactors featuring high-void mesh plates, is often an ideal solution for the upgrade and expansion of existing wastewater treatment plants where some combination of additional capacity and/or increased effluent quality requirements is needed.

The SMART Units represent the first stage of a two biological stage process, followed by clarification. The SMART (Shaft Mounted Advanced Reactor Technology) Units feature attached biomass which offers typically 90 (ninety) times greater treatment performance per unit volume than a conventional aeration tank. The second stage is an activated sludge process, with suspended biomass. It has been demonstrated that the HYBACS system can produce effluents with qualities compliant with the most stringent European nutrient removal standards.

About FilterClear Ltd

FilterClear was established in 2003 to commence commercialisation of the Spruce Filter™ technology. The Spruce Filter™ is patented multi-media technology that is a proven, flexible and low cost alternative to sand and dual media filtration, disc filters and micro screens. It has an impressive track record as a pre-filter for membranes, extending their life and reducing operational costs. In certain applications, it can be used in place of membranes, offering a low cost alternative.

Spruce Media Filtration Technologies includes four formats of FilterClear Media, designed for four major \$multibillion market applications that have already been proven in commercial installations:

- Desalination Pre-filtration for removal of various suspended foulants present in seawater to protect RO desalination membranes and maintain high filtration rates, while reducing the cleaning frequency and chemical use.
- Tertiary Sewage Filtration for “polishing” of sewage effluent to enable safe reuse. This entails removing suspended solids including microorganisms to improve water quality, increase disinfection efficiency and reduce costs. This combines well with Bluewater’s high performance activated sludge process (HYBACS), because both systems are extremely compact and provide high quality water with reduced capex and opex compared to conventional technologies.
- Industrial Water Treatments, numerous examples including: raw water filtration, polishing of process and cooling water, wastewater recovery/re-use and process filtration of liquid products.
- Potable Water Filtration numerous plants have been installed to remove colour, iron and other contaminants prior to final polishing filtration and disinfection of drinking water.

FilterClear's installation list includes: Scottish Water (potable water filtration and tertiary sewage filtration), Northumbrian Water, Diageo (distilleries), Gilead Sciences Ltd (pharmaceuticals), Saudi Aramco and Michelin.

About Inverleith Capital LLP

Inverleith Capital is a leading merchant bank based in Edinburgh, providing objective advice focused on delivering the long term goals of our clients. We are free from the conflicts that arise in multi-product investment banks and accountancy firms. Inverleith Capital provides bespoke advisory services for small and mid-cap companies throughout Scotland and the UK.

We are trusted adviser to the boards of a number of companies, helping them to devise strategies for enhancing shareholder value. This relationship driven approach gives us a competitive advantage in servicing a distinct need in the Scottish and UK market today

About GP Bullhound LLP

GP Bullhound is a leading investment banking firm providing advice on mergers & acquisitions and institutional capital-raising to emerging growth companies in the Technology sector. The firm was established in 1999 and has a proven track record with over 100 completed M&A and Private Placement transactions on behalf of leading global entrepreneurs and business builders. The firm's international team, comprised of some of the most experienced technology advisory professionals, together with its dedicated approach has helped establish its leading global position. GP Bullhound has strong domain expertise in the areas of Internet and Digital Media, Software and Services, CleanTech and Hardware, with a focus on providing pre-eminent advisory services to some of the best entrepreneurs, management teams and investors around the globe.