



one planet one engine

Cyclone Power Technologies Press Release

Cyclone Power Completes License for Engines To Generate Electricity from Waste Oil

Pompano Beach, FL, August 4, 2009. Cyclone Power Technologies (Pink Sheets: CYPW) announced today that it has signed a License Agreement with Phoenix Power Group LLC to provide engines for waste oil fueled power generators.

The license provides Phoenix Power with exclusive North American and Australian rights to develop and sell power generator systems utilizing Cyclone's award-winning external combustion engines, which will run on waste oil fuels such as used motor oil from cars, trucks and busses. Phoenix Power is an affiliate of Atlantic Systems Group of Harrisonburg, VA, which is in the business of designing and building automotive oil change and service facilities throughout the United States, along with the manufacturing of steel tanks for the lube industry.

"From our current and future customers, we see an enormous, open market for the generation of electricity using waste motor oil," stated Phoenix Power president, Thomas V. Thillen. "This is a product that will save businesses considerable money from the disposal and transportation of waste oil products, while allowing them to produce usable, renewable power throughout the year."

Phoenix Power will pay Cyclone \$400,000 in license and development fees over the following nine to 12 months -- \$150,000 of which was paid on license execution -- and then pay on-going royalties on each Cyclone Engine produced. Phoenix Power has also agreed to pay minimum royalties over the life of the agreement in an amount exceeding \$4 million in order to maintain its exclusive rights, and have received common stock purchase warrants which vest on completion of the initial engine prototypes.

"We are very excited to be working with the entire team at Phoenix Power, who have a proven track record of success in building companies and bringing products and services to market," said Harry Schoell, Cyclone's CEO. "We are confident that they have the skills, vision and financial support to get this job done right."

Phoenix Power has also brought to this deal an exclusive license with Mr. Terry Bassett, who holds two U.S. patents, with international patents pending, for the total system package of generating electric power from waste oil using an external combustion engine. Additionally,

Phoenix Power's equity partners include Hansom James Capital, whose principals founded Tennessee-based AIMS Logistics Inc. in 1994, which, when sold to U.S. Bancorp in 2007, employed over 300 people internationally and processed approximately \$5 billion annually in freight payables for clients that included Honeywell International, General Electric, and Nortel Networks.

"We have been part of successful start-ups before, however, I am speaking for the entire group when I say this one is special," said David Nelson, co-founder of Hansom James Capital, which is providing financing for the deal. "We have a great chance here to create something that will leave an enormously positive environmental impact on our world."

CORPORATE PROFILE

Cyclone Power Technologies is the developer of the award-winning Cyclone Engine - an eco-friendly external combustion engine with the power and versatility to run everything from portable electric generators and garden equipment to cars, trucks and locomotives. Invented by company founder and CEO Harry Schoell, the patented Cyclone Engine is a modern day steam engine, ingeniously designed to achieve high thermal efficiencies through a compact heat-regenerative process, and to run on virtually any fuel - including bio-diesels, syngas or solar - while emitting fewer greenhouse gases and irritating pollutants into the air. Currently in its late stages of development, the Cyclone Engine was recognized by Popular Science Magazine as the Invention of the Year for 2008, and was presented with the Society of Automotive Engineers' AEI Tech Award in 2006 and 2008. Additionally, Cyclone was recently named Environmental Business of the Year by the Broward County Environmental Protection Department. For more information, visit www.cyclonepower.com.

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