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Cyclone Power Technologies Finalizes License To Manufacture Engine Systems for China Market

POMPANO BEACH, FL, Dec. 17, 2009. Cyclone Power Technologies Inc. (Pink Sheets: CYPW) has completed its License Agreement with Great Wall Alternative Power Systems Ltd. to advance the development and production of Cyclone's Schoell Cycle heat-regenerative external combustion engines for the China market.

Under the terms of the License, Great Wall Alternative Power Systems (GWAPS) will develop in China a production prototype of Cyclone's biomass-to-power generator system - a portable power plant capable of producing 10kW or more of electricity from the combustion of dry vegetative biomass. Pending completion of production prototyping for Cyclone's Mark V engine in the United States, as well as successful implementation of the intellectual property protection systems in China designed by both GWAPS and Cyclone, GWAPS will also develop the larger 95hp Mark V engine for electric power production by late 2010.

GWAPS has agreed to pay Cyclone \$125,000 in development fees, an additional \$400,000 in licensing fees, and then on-going royalties from the sale of Cyclone engines for use in electric power production in China. Engine systems other than biomass-to-power and the Mark V for non-motive power applications would require added development and license fees. Additionally, GWAPS will invest capital to provide for legal and financial structuring, government outreach, and intellectual property protection, including retaining professional organizations to monitor and, if necessary, prosecute patent infringement cases in China. Cyclone has also retained legal counsel in China to audit the IP protocols that GWAPS establishes.

"The protection of our technology in China is a critical component of this license," stated Cyclone COO, Frankie Fruge. "We have spoken with many of our shareholders after the announcement of our letter of intent with GWAPS, and have implemented some very strong procedures to secure our intellectual property. But in the end, it is the quality and character of one's partners in China that matters the most, and with the Great Wall team, we feel very confident in their integrity, professionalism and engineering abilities to get our engines to market quickly."

Robert Devine, Managing Director of GWAPS, said, "Great Wall Alternative Power Systems sees this innovative biomass-to-power generator system as the first piece in a long and fruitful working relationship with Cyclone Power. The Chinese government has set an installed capacity target of 30GW of biomass-generated power by 2020, with expected investment approaching US\$30 billion. If Cyclone and GWAPS can deliver the first reliable, cost-effective distributed biomass power solution as part of this rollout, the market is basically endless."

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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