

Press Release

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PHYCO BIOSCIENCES, INC. JOINS WITH CHINA BIOLOGICAL ENGINEERING, LIMITED TO DEVELOP ALGAE BIOMASS PROJECTS IN CHINA.

Phyco's Super Trough System has been selected by China Biological Engineering Limited to license the production technology in the Peoples Republic of China, beginning in November 2010.

Phoenix, Arizona, September 22, 2010 – Phyco BioSciences, Inc., announces an agreement with Hong Kong based China Biological Engineering, Limited to develop two projects in the Peoples Republic of China beginning this Fall. The first project is a joint venture in JaingShu Province comprised of 40 algal production acres supported by a cultivar laboratory, an inoculation module and harvest technologies. The second joint venture project, located in DongYing Province is initially scaled at 10 acres. Assuming production milestones are achieved, both projects are expected to expand to 160 acres in 2011-2012, for a total of 320 acres.

Phyco will own a 15% interest in each joint venture project and generate corporate sales revenue by supplying system assembly components, installation supervision, biological and aquacultural support, and services including the Phyco Super Trough Production System and patent pending concentration and harvesting technologies. China Biological Engineering Limited has also purchased an 18% equity stake in Phyco BioSciences, Inc.

China Biological Engineering Limited is the exclusive Licensee of Phyco's Super Trough Technology in China. According to Ben Cloud, CEO of Phyco BioSciences, "we see this as a partnership and a co-development effort with China Biological Engineering Limited providing both entities with a very large upside potential. There are some unique challenges to the locations in China, compared to the deserts of Arizona, such as a rainy season and cold winters. This will require us to use a solar cover for much of the year. However, it is what our system was designed to do."

According to Eric Tso, CEO of China Biological Engineering Limited, "Phyco's Super Trough System provides excellent control over the algae culture for optimum yields. In addition, the system is highly scalable and economical. We are using these initial installations for further research and development to support expansion in each Province."

China Biological Engineering, Limited is cooperating with the Chinese Institute of Science in Quaingdou to provide algal cultivars that are suitable to the seasons in the two growing areas. Algae will be grown with a combination of fresh and ocean water in varying ratios according to the requirements of the algal cultivars grown. Algal biomass produced in the Peoples Republic of China will be used for biofuels, animal feeds and food products.

About Phyco BioSciences: company web site www.phycobiosciences.com

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Phyco BioSciences, Inc. is a privately held corporation committed to the commercialization of algae biomass as a food and industrial crop. Phyco BioSciences, Inc. is based in Phoenix, Arizona.

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