

NewsRELEASE

Attention Business Editors

Free Energy International Inc. signs agreement for the Swan Hills heat recovery project.

VANCOUVER, Aug. 31 /CNW/ - Free Energy International Inc. ("Free Energy" or the "Company") has been contracted by one of North America's largest independent oil and gas exploration and production companies to install one or more Organic Rankine Cycle power production plants at its Swan Hills oil and gas production facility in Alberta. These ORC plants will use geothermal waste heat from the facility to generate electricity to be used as an alternative or supplementary source of electricity at the facility.

The main part of the Swan Hills field produces oil, gas and water from a depth of approximately 9000 feet. These fluids are pumped to the surface at approximately 163 - 170 degrees F. in very high volumes. The oil and gas are separated from the water, and the water is then pumped back into the formation. Free Energy will utilize heat exchange technology to remove sufficient heat from the water before it is re-circulated to produce electricity.

The \$7 million project is planned to be developed in 2 phases of 1 MGW each. Free Energy will be responsible for designing, financing, installing and operating the waste heat recovery system, and will own that system on completion. The Operator of the Swan Hills facility will be obligated to purchase from Free Energy all electricity produced by the facility and to pay Free Energy for all such electricity at the rate currently being paid by the Operator to its third party power supplier. The owners of the facility will be entitled to all carbon credits generated by the project and, after Free Energy has received after-tax income equal to 115% of its out-of-pocket expenses, including capital costs, incurred to finance, construct, connect and commission the facility, will receive a royalty equal to 50% of Free Energy's net operating income. Completion of the first phase is scheduled for early 2010.

The agreement is subject to Free Energy financing the project, consents from Government and approval from the owners of the Swan Hills Unit.

<< **Win for the environment:**

This project is certainly a win for the environment as the energy produced

is extracted from heated water that is recycled back into the earth and has been since 1956. There are no pollutants or green house gases produced and little if any environmental impact.

Free Energy Technology: ----- >>

Free Energy International Inc. is a renewable energy technology company developing revolutionary technologies for the heating and cooling industry based on a new class of thermal superconductors now becoming available on the world market. The Company is focused on developing technologies that provide environmental solutions that take advantage of the increased focus on climate change and energy efficiency.

About Free Energy International Inc.

Free Energy International Inc. is a British Columbia corporation with its head office in Vancouver, British Columbia. The Company is listed on the TSX Venture Exchange as a Tier 2 company. The Company has a total of 12,836,453 common shares issued and outstanding, of which 7,056,000 shares are subject to escrow arrangements.

Additional information about Free Energy may be found on SEDAR at www.sedar.com.

Information on the technology can be viewed at the Free Energy website at www.freeenergysolutions.ca.

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Alf Sanderson, President
Free Energy International Inc.

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