

PRESS RELEASE

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O2Diesel's Asian Distributor Energenics Secures Agreement to Transition 2,500 Buses Using O2Diesel's Technology

NEWARK, DE--(MARKET WIRE)--Jan 31, 2007 -- O2Diesel Corporation (AMEX:[OTD](#) - [News](#)) today announced that the Karnataka Road Transport Corporation (KSRTC) of the State of Karnataka in India has recently announced that it is switching the first 2,500 buses of its 5,162 bus fleet to O2Diesel™, an ethanol blended diesel fuel comprised of 7.7% of renewable ethanol and 0.5% of the O2Diesel's proprietary fuel additive technology based on a successful trial of the fuel. The cleaner burning fuel is marketed in India by the company's exclusive distributor for the region, Energenics, as "Energiesel powered by O2Diesel."

It is planned that the remaining 2,662 buses of the fleet will be added by the fourth quarter of 2007 bringing the total to 5,162. This will represent the largest ethanol diesel fleet in the world, using approximately 120,000,000 liters of O2Diesel per annum.

"This news is significant for the company and is the result of a great deal of hard work and commitment from Energenics," said Alan Rae, CEO of O2Diesel Corporation. "Energenics has already committed substantial resources and has worked with all parties involved, including O2Diesel, to develop the ideal implementation model that will support this level of expansion for O2Diesel in the region. The market is just developing, but I am confident that Energenics' recent orders for 83,000 liters of our proprietary additive is only the beginning of a successful partnership in this region."

Ronen Hazarika, Managing Director of Energenics, commented, "I'm elated that we're now in the process of converting successful trials into fully commercial fleet customers. It has been possible to do this quickly due to the excellent performance of the fuel in the field and the substantial technical and commercial verification that exists. Also, the professionalism of the management & technical staff of KSRTC has been world class. We are working hard to use the success of this experience to establish similar fleet customers in India and other Asia Pacific territories."

"We are in discussion with the other state fleets in Karnataka and it is our goal to convert as much of the state used 400,000,000 litres of diesel to 'Energiesel powered by O2Diesel' as soon as practically possible during 2007. We hope to have converted some of the depots belonging to the other 3 state transport corporations in Karnataka by the 2nd quarter of 2007. In addition, we are already in advanced negotiations with several other States in India who have shown substantial interest in a similar conversion based on the success of our program in Bangalore."

All three components of the fuel, the ethanol, O2Diesel additive and local diesel fuel, are blended at the dispensing pump directly into the bus. This procedure was first used by O2Diesel in Brazil in 2004 but has been completely re-engineered by Energenics and its partners into a cost effective, fully automated, state-of-the-art computerized injection blending unit that ensures an extremely high level of quality control and real time remote monitoring. The blending unit enables the existing pump to deliver both Enerdiesel and regular diesel, if required. Delivering the solution in this manner ensures protection from contaminants in the diesel storage tank and also enables complete independence from fuel blenders and oil companies.

Alan Rae commented further, "This method of delivery removes a huge obstacle that has faced the introduction of all new bio fuels; How do you achieve independence from the high cost of using existing fuel delivery infrastructure? We are already working with Energenics to adapt the blending unit for use in all our markets."

About Energenics:

Energenics Pte Ltd., a wholly owned subsidiary of Energenics Holdings Pte Ltd., is a leading supplier of alternative energy solutions and technologies. Based in Singapore, Energenics identifies, invests, sources, validates and commercializes energy technologies that provide customers with energy and emission reductions at zero or minimal capital cost compared to existing technologies. Energenics has a strong customer base comprised of transportation groups, mining companies and port and marine operators throughout the Asia Pacific region and is expanding it's operations globally.

About O2Diesel:

O2Diesel Corporation (AMEX:OTD - News), and its U.S. subsidiary O2Diesel, Inc., is a pioneer in the commercial development of a cleaner-burning diesel fuel alternative that provides exceptional performance and environmental qualities for centrally fueled fleets and off-road equipment of all kinds. Engineered and designed for universal application, O2Diesel™ is an ethanol-diesel blend that substantially reduces harmful emissions without sacrificing power and performance. Extensive independent and government-recognized laboratory and in-use field tests have demonstrated the effectiveness of O2Diesel™ and the introduction of this cost-effective, cleaner-burning diesel fuel is now underway in the United States and other global markets.

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