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NEWS RELEASE

Funding Agreement with Ergon Energy

RedFlow Technologies Ltd (RedFlow) is pleased to announce that it has today entered into a Funding Agreement and Purchase Agreement with Ergon Energy Corporation.

Ergon Energy (Ergon) will be an industry partner with RedFlow's wholly owned subsidiary RedFlow Pty Ltd in its roll-out of batteries under the Advanced Energy Storage Technologies ('AEST') project with the Australian Government's Department of Resources, Energy and Tourism.

Under the AEST project, RedFlow will install thirty energy storage systems at rural sites within Ergon Energy's electricity distribution network in Queensland. The first ten systems will use conventional lead-acid batteries to allow RedFlow to test its control, communications and inverter components. The remaining twenty systems will use RedFlow's high performance zinc-bromine batteries.

Ergon energy will contribute A\$1.0 million for the thirty systems

The first deliveries are scheduled for first quarter 2009.

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More information can be found on www.redflow.com.au

About Ergon Energy Corporation

Ergon Energy Corporation is a Queensland Government Owned Corporation. It has an electricity network of around 150,000 kilometres of powerlines and one million power poles, along with associated infrastructure such as major substations and power transformers. It also owns and operates 33 stand-alone power stations that provide supply to isolated communities across Queensland not connected to the main electricity grid.

Ergon Energy has a total asset base of \$7.7 billion, and more than 4,000 employees. It services more than 650,000 residential and business customers across regional Queensland.

About RedFlow

RedFlow is one of the world's leading developers and manufacturers of zinc-bromine (ZnBr) batteries. It is an unlisted public company, owned by management and external investors, located in Brisbane, Australia.

RedFlow's ZnBr battery modules provide 5 kVA power, and store 10 kWh of energy in a 215 kg sealed unit.

RedFlow packages its ZnBr batteries into Power+BOS® energy storage systems, certified for grid connection, with 10 kWh to 30 kWh capacity for daily cycling. Power+BOS® systems are installed with solar PV for managing peak load on rural electricity grids.