

PRESS RELEASE: H2Diesel Completes 3 Million Gallon Per Year Pilot Facility

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HOUSTON, Aug. 16 /PRNewswire-FirstCall/ -- H2Diesel Holdings, Inc. ("H2Diesel") (OTC Bulletin Board: [HTWO](#) - [News](#)), announced today that it has placed into service its first bio-fuel production plant, a 3 million gallon per year pilot facility, jointly developed with Twin Rivers Technologies L.P. ("Twin Rivers").

The plant, co-located at Twin Rivers' facility in Cincinnati, Ohio, represents H2Diesel's next step in commercializing its new technology for the manufacture of high-quality bio-fuel from a wide variety of vegetable oils and animal fats. Major equipment for the facility has been provided under lease by Sonic Corporation of Stratford, Connecticut.

The facility will be used initially to manufacture fuel for H2Diesel's application testing program, and then later for early commercial sales until a full-scale production plant is completed. As previously announced, H2Diesel signed a Letter of Intent with Twin Rivers to negotiate definitive agreements covering the siting, construction, operation and management of a proposed 25 million gallon per year production facility. Under current plans, H2Diesel expects to locate this plant at Twin Rivers' existing facility in Quincy, Massachusetts in 2008.

In May 2007 the Company announced that its proprietary bio-fuel will be used in a test burn at Dynegy, Inc.'s subsidiary, Dynegy Oakland LLC., in the near future. Dynegy and the Company have agreed to negotiate with respect to a mutually agreeable purchase agreement for H2Diesel's bio-fuel in the event testing is successful.

H2Diesel President and Chief Executive Officer David A Gillespie said, "We are excited to be taking this next significant step in executing our Business Plan. The pilot plant will allow us to demonstrate commercial scale production capability of our customized bio-fuel. We're especially pleased to be further developing our relationship with Twin Rivers whose technical expertise and assistance has been invaluable in our achieving this major milestone."

Ian Edwards, Chief Executive Officer of Twin Rivers Technologies said, "We continue to believe that H2Diesel's advanced Bio-fuel has the potential to be a breakthrough technology in the alternative fuels space. Our relationship with H2Diesel represents an opportunity for us to enhance our existing bio- fuel business by aligning us with a second generation alternative fuel technology."

About H2Diesel Holdings, Inc.

H2Diesel is a development stage company that holds an exclusive license for North America, Central America and the Caribbean to proprietary technology for the manufacture of an alternative "bio-fuel" produced from vegetable oils and animal fats that is intended to be used for power generation, heavy equipment, marine use and as a heating fuel. The Company believes its proprietary bio-fuel will provide a cheaper, renewable alternative energy source with significantly lower emissions than traditional fuels and a cleaner and more efficient alternative to heating oil. H2Diesel's business model calls for the establishment of bio-fuel production facilities directly and through sublicensing of its technology to qualified licensees. H2Diesel's Bio-fuel has been designed to compete with petroleum distillate, kerosene, diesel fuel, and biodiesel and is capable of being produced from a broad array of vegetable oil and animal fat feed stocks without using a complicated chemical reaction or producing by-products. At the same time, H2Diesel has properties that are superior to some other bio fuel products.

About Twin Rivers Technologies, LP

Twin Rivers Technologies is one of the largest and fastest growing oleo chemical producers in North America. The Company's management team has an average of over two decades of experience in the chemicals industry and its operations' staff also has more than 20 years of Oleo chemical production and related processing technology experience.

Forward Looking Statements

This news release contains forward-looking statements. These forward- looking statements concern the operations, prospects, plans, economic performance and financial condition of H2Diesel Holdings, Inc. (the "Company") and are based largely on the Company's beliefs and expectations. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results expressed or implied by such forward-looking statements. The risks and uncertainties related to the Company's business include all the risks attendant a development stage business in the volatile energy industry, including, without limitation, the risks set forth under the caption "Risk Factors" in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006. In particular, the ability of the Company to complete its initial production facility will be subject to uncertainties regarding, among others, obtaining necessary financing for the construction and complexities related to the Company's bio-fuel which has not yet been produced on a commercial scale.

CONTACT:

David Gillespie,
President & CEO
H2Diesel, Inc.
713-973-5720
dagillespie@h2diesel.net

Rob Schatz
WolfeAxelrod Weinberger Associates LLC.
212-370-4500
rob@wolfeaxelrod.com