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MicroCoal Technology Advances in International Tender Process for State-owned Indonesian Utility

Vancouver, BC, Canada –August 20, 2012 – Carbon Friendly Solutions Inc. (CNSX: CFQ) (“CFS” or the “Company”) reports that it has received written confirmation from PT Jembangkitan Jawa Bali (“PT PJB”) that its bid to design and install a MicroCoal facility at the PT PJB UNIT PEMBANGKITAN PAITON 2 X 400MW coal-fired power plant (“Paiton Plant”) in Paiton, East Java, Indonesia, meets all regulatory standards and requirements and can now be advanced to the first qualification stage. CFS is currently working closely with the an experienced Indonesian government contractor, PT CITICON ADINUGRAHA (“Citicon”) to start analyzing data specific to the Paiton Plant and to prepare a more comprehensive construction and installation proposal.

Currently, there are only 10 other companies whose bids for the Paiton Plant project have been cleared to the qualification stage. Based on information provided by PT PJB, CFS is the only company among the cleared bidders that utilizes microwave technology as opposed to conventional steam and other thermal drying systems. CFS views this as a significant advantage and optimistically looks forward to the next round in the Paiton Plant bidding process.

Slawek Smulewicz, CEO and Director of the Company, states: “This is a significant opportunity for MicroCoal in Indonesia, which is one of the world’s largest producers of thermal coal. In 2011, almost 50% of Indonesia’s electricity was generated by coal fired power plants. With a fast growing economy, and a strong need for increased electricity, Indonesia represents a key market for MicroCoal.”

About Carbon Friendly Solutions

Carbon Friendly Solutions Inc., through its subsidiaries **MicroCoal Inc.** (“MCI”) (Denver, CO, USA), **Global CO2 Reduction Inc.** (Vancouver, BC) and **Carbiopel S.A.** (Lezajsk, Poland); is focused on the development of clean energy technology, renewable energy and forestry projects.

About MicroCoal Inc.

MCI has spent four years developing an internationally proven and patented process to convert low-rank (low BTU) coal to more expensive high-rank (high BTU) coal. Potential cost savings for power plants that adopt this technology varies depending upon fuel types, capacity, and local conditions.

On behalf of the Board of Directors
Carbon Friendly Solutions Inc.

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Forward Looking Statements

This news release contains “forward-looking information” within the meaning of the Canadian securities laws. Forward looking information is generally identifiable by use of the words “believes,” “may,” “plans,” “will,” “anticipates,” “intends,” “budgets,” “could,” “estimates,” “expects,” “forecasts,” “projects” “approximately,” “proposed” and similar expressions, and the negative of such expressions. Forward-looking information in this news release includes statements about Carbon Friendly’s prospective business relationship, the development of Carbon Offsets through forestry projects, MicroCoal’s technology, Carbiopel’s projections and business model, technology development and future roll-out plans.

In connection with the forward-looking information contained in this news release, Carbon Friendly has made numerous assumptions, regarding, among other things, our MicroCoal’s patented technology and future sales. While Carbon Friendly considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

Additionally, there are known and unknown risk factors, which could cause MicroCoal’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others: the size and the growth of the market for the MicroCoal technology is uncertain; future sales of MicroCoal technology may not materialize; the technology may not work on a specific type of coal and its economic or environmental benefits may not be realized in full, the substantial investment of capital that may be required for a Build Own Operate Model; limitations imposed by our financing abilities; difficulties entering international markets, and sovereign risk.

A more complete discussion of the risks and uncertainties is disclosed in Carbon Friendly’s continuous disclosure filings with Canadian securities regulatory authorities at www.sedar.com. All forward-looking information herein is qualified in its entirety by this cautionary statement, and Carbon Friendly disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law. Neither CNSX nor its Regulation Services Provider (as that term is defined in the policies of the CNSX) accepts responsibility for the adequacy or accuracy of the release.