

April 16, 2008

Dear Genoil Investors:

The Genoil Leadership Team regularly receives questions regarding the progress of sales for our marine oily water separator, the Crystal Sea, which is a state-of-the-art bilge water treatment system.

Let's address some recent Investor questions:

Crystal Sea was announced with much fanfare last year, but little has been heard since. Is there any status update and does Genoil still feel strongly about its potential?

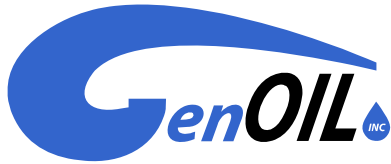
Our sales and marketing strategy was:

1. Identify our sales targets (cruise ships, oil tankers, and container ships)
2. Develop a global network of sales representatives to sell the Crystal Sea
3. Introduce the Crystal Sea to key shipyards and ship owners globally
4. Develop a targeted media relations strategy

Beginning November 2007, we launched an aggressive and new media relations strategy resulting in stories about the Crystal Sea and its technology in key trade industry publications such as: *Tradewinds, Mariner Life, Marine News, Marine Propulsion, Engineering News, and Sea Technology*, among others. At the same time we've begun meeting (and continue to meet) with ship owners in North America, the Middle East and Europe. Additionally, we have travelled to China and met with several shipyards and ship designers. Lastly, this year we have expanded our global marketing efforts to include attending key industry trade shows like: Posidonia 2008, one of the largest commercial marine trade shows in the world sponsored by the Greek and Cypriot ship owners, and SMM - (Shipbuilding Machinery and Marine Technology), which is the largest commercial marine trade show in the world.

With respect to the sales potential of the Crystal Sea, we are positive and optimistic going forward despite the challenges we face, as outlined in the below paragraphs. That said, it is important that we put this in the correct context.

Currently driving the market is the new International Maritime Organization's Resolution MEPC 107(49) for pollution prevention equipment for ship bilges. These tougher environmental standards are to be imposed on all newly built ships beginning this year and all ships by 2009. This was a result of the former resolution, IMO 60(33), being found incapable of reducing concentrations of emulsified organic materials to the 15-ppm level.



There are roughly 50,000 ships that must comply with these new pollution standards as it relates to treating bilge water. Ships that do not have oily water separators that meet the new standards are being replaced or upgraded as the ships come in for scheduled maintenance. Ship owners will *not* bring their ships in earlier because ships in dry dock do not make money for their owners.

Newly built ships are installing oily water separators at the design phase. The shipyard and the ship designer decide which manufacturer they use, which is why building a solid relationship with them and the ship owners is imperative. This process takes time and is a factor in why we, or any other new entrant into the market for that matter, will not have instantaneous sales.

The oily water separator market is a mature market with several well-known and established companies who dominate sales. The challenge we face is that ship builders and owners are reluctant to use new and untried environmentally sensitive marine equipment, as the new marine environmental regulations carry with them severe fines – particularly when our competitors have a long and successful track record.

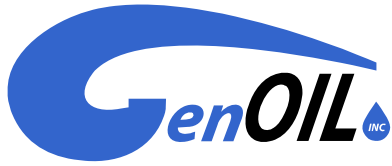
One of the solutions we have developed to overcome this challenge is to partner with a Canadian engineering testing advisor to the cruise ship and ferry industries to set up testing agreements with various ship owners. Under these testing agreements (which are quite common in the industry), we offer potential customers a 90-day test at our expense, stipulating that if the Crystal Sea performs according to specifications, they are required to buy a set number of Crystal Sea units. Currently, we are in the process of negotiating such agreements.

The competitive advantage of our technology has is twofold:

1. Due to the compact size and the fact we do not have any moving parts, there are virtually no operational maintenance costs, which in some separators can be more expensive than the purchase over the life of the separator.
2. Our separator is not an off-the-shelf product and they are built to the exact specifications of the customer.

The recent ABS (American Bureau of Shipping) certification will be extremely useful in our sales and marketing efforts. ABS is globally recognized as a leading international classification society devoted to promoting the security of life, property and the marine environment through the development and verification of standards for the design, construction and operational maintenance of marine-related facilities.

Taking all of these factors into consideration, we do see significant progress. As a result of our media relations and sales and marketing efforts, several companies have asked us to give them sales proposals which we have provided and are currently under review.



How does our pricing on the Crystal Sea compare to the competition? Is a 3rd party manufacturer lined up?

While our pricing outside of China, Japan and South Korea is very competitive – where the bulk of new shipbuilding occurs, we are not competitive unless we manufacture in China. That is an option we are actively exploring. One of the things we will be looking for from any Chinese manufacturing partner, aside from price and quality of work, is that they must have strong relationships with the shipyards and ship designers.

Currently, Divicom USA, a well-respected fabricator and manufacturer of oil, gas and marine equipment in Houston, Texas will manufacture the Crystal Sea for Genoil.

While we face real challenges in this market, we are executing our sales and marketing strategy to plan and believe that we are well positioned for success this year.

John P. Noble, Jr.
Vice President Global Sales and Marketing