ZeaChem and Partners Awarded $40 million USDA Grant

ZeaChem Will Produce "Drop-In" Advanced Biofuels at Boardman, Oregon Biorefinery

Lakewood, Colo. – September 28, 2011 – ZeaChem Inc., a developer of biorefineries for the conversion of renewable feedstocks into sustainable fuels and chemicals, today announced it has been awarded part of a $40 million grant by the U.S. Department of Agriculture (USDA) for the commercialization of advanced "drop-in" biofuels. ZeaChem is part of a consortium led by the University of Washington and includes GreenWood Resources, Oregon State University, Washington State University, the University of California, Davis, Evergreen State College and the Agricultural Center for Excellence.

ZeaChem will lead R&D and demonstration trials for production of bio-based jet and diesel fuels and bio-based gasoline at its 250,000 gallon per year (GPY) integrated demonstration biorefinery, located at the Port of Morrow, near Boardman, Oregon. These products are chemically identical to existing blend stocks produced in petroleum refineries today, thus eliminating concerns over distribution infrastructure compatibility. The first volumes of bio-based jet and diesel fuels will be produced in test quantities in 2013 and bio-based gasoline will follow in 2015.

"ZeaChem appreciates the USDA's leadership in advancing the commercialization of cellulosic biofuels," said Jim Imbler, president and chief executive officer of ZeaChem. "This grant will allow ZeaChem to further build out our economic and sustainable product platform beyond ethanol utilizing cellulosic feedstocks. ZeaChem and its partners will commercialize advanced "drop-in" biofuels, for commercial and military applications, throughout the Pacific Northwest region."

The award is part of the USDA's Agriculture and Food Research Initiative (AFRI) Regional Coordinated Agricultural Project (CAP), which seeks to establish regional systems for the sustainable production of bioenergy and biobased products. Through the Regional CAP, the USDA will facilitate the development of the necessary infrastructure across the entire supply chain for advanced biofuels in the Pacific Northwest. The program seeks collaborative projects with closely integrated research, extension, and education components.

Coordinated Agricultural Projects are multi-disciplinary, multi-million dollar projects focused on five "challenge areas" that are a major part of the USDA's research agenda. The Bioenergy area supports the development of regional systems of bioenergy production that reduce dependence

on foreign oil; have net positive social, environmental, and rural economic impacts; and are integrated with current agricultural systems.

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About ZeaChem Inc.

ZeaChem Inc. has developed a cellulose-based biorefinery platform capable of producing advanced fuels and intermediate chemicals. ZeaChem's indirect approach leapfrogs the yield and carbon dioxide (CO_2) problems associated with traditional and cellulosic based biorefinery processes. In addition, ZeaChem has a significant capital cost advantage compared to other cellulosic technologies. By efficiently extracting the most energy possible from biomass feedstocks, ZeaChem significantly increases output while reducing both production costs and environmental impacts. Incorporated in 2002, ZeaChem is headquartered in Lakewood, Colo. and operates a research and development laboratory facility in Menlo Park, Calif.

Please visit www.zeachem.com for more information.

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