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PRESIDENT OBAMA, USDOE AND USDA SEE GREEN VALUE IN SAPPHIRE ENERGY

Algae-Based Fuel Endorsed with \$100 Million in Federal Funds

SAN DIEGO, CA, December 4, 2009 –Sapphire Energy, the leader in algae-based fuel technology, today received another big boost for its groundbreaking energy work. Sapphire was awarded nearly \$104.5 million as part of President Obama’s American Recovery and Reinvestment Act and the Biorefinery Assistance Program, authorized through the 2008 Farm Bill.

The grant is from the U.S. Dept. of Energy for the \$50 million and the loan guarantee from the U.S. Dept. of Agriculture for \$54.5 million.

Sapphire Energy’s Green Crude from algae is a complete drop-in replacement technology for crude oil. The Green Crude can be refined directly into gasoline, diesel and jet fuel. On a lifecycle basis the fuels represent about a 70-percent reduction in greenhouse gas emissions and doesn’t impact arable lands or fresh water. Fuels from Sapphire Energy’s products have already been used in several successful commercial airline test flights, and in a widely acclaimed coast-to-coast car tour.

“Sapphire knows that smarter energy solutions are in the interest of this nation and the world,” explains Sapphire Energy CEO, Dr. Jason Pyle. “The funding comes on top of our scientists’ leading work in algae-based fuel. It allows expansion of our commercial-scale pond system in New Mexico, as well as further development work in our San Diego laboratories.”

Pyle adds that the funding will provide more than 750 new direct and indirect jobs, most based in New Mexico, in Luna County’s communities of Columbus and Deming. He notes there will be 30 to 40 highly skilled permanent jobs once the project is operational. Groundbreaking, expansion and construction will take place in 2010.

The programs were created under the direction of President Obama to further his commitment to cleaner energy, economic and job stimulation, and to manage our nations’ security by breaking free of foreign oil dependence. Dept. of Energy Secretary Steven Chu and Agriculture Secretary Tom Vilsack made the announcement earlier today, highlighting funding for 19 companies with Sapphire Energy as the focal recipient in its national press release.

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About Sapphire Energy:

San Diego-based Sapphire Energy is pioneering an entirely new industry – Green Crude Production – with the potential to profoundly change America’s energy and petrochemical landscape for the better. Sapphire’s products and processes in this category differ significantly from other forms of biofuel because they are made solely from photosynthetic microorganisms (algae), using sunlight and CO₂ as their feedstock; are not dependent on food crops or valuable farmland; do not use potable water; do not result in biodiesel or ethanol; enhance and replace petroleum-based products; and are low carbon, renewable and scalable. Finally, Green Crude can be refined into the three most important liquid fuels used by our society: gasoline, diesel and jet fuel. The fuels meet ASTM standards and are compatible with the existing petroleum infrastructure, from refinement through distribution and the retail supply chain. For more information, please visit www.sapphireenergy.com.

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