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SAPPHIRE ENERGY URGES SENATORS TO ADD PROVEN ALGAE-BASED FUEL TO CAP AND TRADE LEGISLATION

Company President Testifies Before Senate Committee on Environment and Public Works Hearing on 'Business Opportunities and Climate Policy'

WASHINGTON, May 19, 2009 – Cynthia J. Warner, president of Sapphire Energy, today testified before the full U.S. Senate Committee on Environment and Public Works Hearing on 'Business Opportunities and Climate Policy' to ensure that upcoming Cap and Trade legislation includes a proper 'carbon accounting' for emerging and proven algae-based fuel. Warner encouraged Senators to adopt policies that would incentivize industrial emitters of CO₂, like coal-burning electric power generators, to collect and transport their CO₂ to companies like Sapphire Energy whose process turns industrial waste and greenhouse gases (GHG) into low carbon gasoline, diesel and jet fuels. Recycling carbon in an economically beneficial way not only generates green electricity, but offsets the need for new hydrocarbon-based crude oil and reduces overall GHG emissions into the atmosphere. Such policies would not only address the nation's energy security needs by diversifying its sources of energy, but would also support a low carbon alternative that will stimulate the economy and support energy independence for America.

"Sapphire Energy believes that the business opportunity presented by climate policy can be transformative as we enter this Green Era," stated Warner. "By getting ahead of the curve, we can produce a new generation of transportation fuels for the world that are low-carbon, produced right here in the United States, and that generate renewed economic growth and new green-collar jobs."

Sapphire Energy has successfully developed a process that with only sunlight and CO₂ turns algae into fuels (gasoline, diesel and jet) that rival other alternatives. Sapphire's Green Crude fuel not only fits into the current energy infrastructure as a complete drop-in replacement fuel, but it is scalable and can be grown on marginal desert lands in brackish or salt water, avoiding use of food crop lands. Most importantly, algae consume enormous amounts of CO₂, drawn from both industrial and atmospheric sources, during its growth process.

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“Sapphire’s algae-based fuels emit approximately two-thirds less CO₂ than petroleum-based fuels at scale,” Warner explained. “When compared with conventional biofuels, such as corn ethanol and soy biodiesel, Sapphire’s Green Crude has significantly less than half their carbon impact, while delivering far greater energy density than either alternative.”

In order to continue to support the algal fuel industry, Warner asked the committee to adopt legislation that would allow the reuse of CO₂, through a medium such as algae, to be added to the list of congressionally approved ways in which industrial emitters can off-load their CO₂. The process would incentivize emitters to capture their CO₂ and sell it to algae-based fuel companies at a substantially lower price, so that they can turn that CO₂ into renewable fuel.

Since CO₂ is one of the algae industries principal feedstocks, the price of securing enough industrial-source CO₂ to keep algae growing at a steady rate is one of the primary factors determining the price of algae-based fuels. Currently, CO₂ costs are significant, in the range of \$130 per metric ton.

During her testimony, Warner also pointed out that the algae industry already is having a significant impact on green-collar job creation and is stimulating the economy. Over the next three to four years, the Algal Biomass Organization estimates approximately 11,700 direct jobs will be created, with an additional 30,000 jobs from indirect sources. Congress could further boost these numbers by adopting carefully tailored climate change policies that account for algae’s unique role in beneficially reusing CO₂.

“This simple legislative action would make all the difference to our nascent algae industry and would give us the boost we need to help America become truly energy independent,” Warner added.

To read Warner’s complete written testimony, visit the Sapphire Energy website at www.sapphireenergy.com.

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, 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.

Sapphire's Green Crude already has been used successfully in several test flights with the commercial airlines Continental and JAL. For more information about Sapphire Energy, visit the company's websites at www.sapphireenergy.com and www.greencrudeproduction.com.

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