

TERRABON

PRESS RELEASE

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For immediate release

TERRABON TO DESIGN, CONSTRUCT AND OPERATE AN ADVANCED VAPOR COMPRESSION DESALINATION PILOT PLANT FOR LAREDO, TEXAS

Houston, Texas (March 18, 2009) The City Council of Laredo, Texas, has approved a \$1.6 million joint proposal by Terrabon, L.L.C. and the Texas Engineering Experiment Station (TEES) to design, construct and operate a 50,000-gallon-per-day Advanced Vapor Compression Desalination (AdVE) pilot plant, Terrabon announced today. This plant will demonstrate the commercial viability of a new desalination technology that reduces the capital and operating costs of water purification. Engineering work is expected to begin in April 2009, and construction will be completed by year end.

The project is designed to provide fresh water for the residents of Laredo, which is located in the semi-arid area on the Texas-Mexico border. Laredo is near the limit for water that can be drawn from the Rio Grande River and ground water in the area is either brackish or salty.

“The development of this pilot project is one step in securing and providing water in the future, not only for Laredo, but for the entire state of Texas,” said Laredo City Council Member Gene Belmares.

AdVE was developed as a by-product of Terrabon’s MixAlco technology, an advanced bio-refining process that converts low-cost non-food biomass into biofuels. Both technologies were developed by Mark Holtzapple, a professor in Texas A&M University’s Artie McFerrin Department of Chemical Engineering. The AdVE and MixAlco technologies are licensed exclusively to Terrabon by Texas A&M University.

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AdVE uses low-cost, high capacity, high efficiency compressors and engines and non-fouling heat exchangers to desalinate brackish and salty water. The process operates at higher pressures than traditional reverse osmosis technology and is significantly less expensive to build and operate.

Once constructed, the pilot plant will be operated by American Water Company's subsidiary, Applied Water Management Inc., acting as a subcontractor to Terrabon. TEES and The Center for Applied Technology (TCAT), a center within TEES, will act as the technology integrator and analyst for the project.

"We applaud the City of Laredo for their vision in bringing AdVE into mainstream use," said Gary W. Luce, chairman and CEO of Terrabon. "The world's need for safe, clean water is becoming increasingly urgent and the potential for this technology around the globe is enormous. We are excited about our partnership with the City of Laredo and TEES and look forward to working together to implement this cost-effective solution."

Terrabon, L.L.C. was formed in 1995 to commercialize three technologies that share the same suite of patented intellectual property developed at Texas A&M University. Terrabon plans to deploy these cutting-edge technologies through licensing and joint venture arrangements. AdVE is a water desalination process that utilizes advanced vapor-compression evaporation to substantially reduce the capital and operating costs of water purification. AdVE was developed as a by-product of the company's MixAlco™ technology, an advanced bio-refining process that converts low cost, readily available "non-food" biomass into a "biocrude," which can be easily and efficiently converted into valuable chemicals and fuels, such as gasoline. Terrabon will soon be testing the commercial feasibility of MixAlco™ at its Advanced Biofuels Research Facility, Energy Independence I, in Bryan, Texas. SoluPro is a bioproducts process that converts inexpensive protein-bearing waste material into animal feed and "green" commercial adhesives. These technologies are exclusively licensed to Terrabon by Texas A&M University through its Office of Technology Commercialization. Visit Terrabon's website at www.terrabon.com.

The Texas Engineering Experiment Station is the engineering research agency of the State of Texas and a member of The Texas A&M University System.

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