

FOR IMMEDIATE RELEASE:

Arizona Entrepreneurs Join Forces to Accelerate Breakthrough Clean Coal-to-Liquids Technology and U.S. Energy Independence

Two Arizona companies make major play in energy and transportation fuels

April 17th, 2006 – Gilbert, AZ – Diversified Energy Corporation and Alchemix Corporation (Carefree, AZ) announced today that the two companies have completed an agreement to accelerate development of HydroMax, a large-scale breakthrough gasification technology capable of converting hydrocarbons into liquid fuels and electricity.

“Following a detailed analysis of the current U.S. energy situation, worldwide energy demand, limited oil and natural gas supplies and an assessment of all potential energy alternatives, we concluded that gasification must be an element of the country’s energy portfolio” said W. David Thompson, Diversified’s Chief Executive Officer. “Transportation fuels, which account for nearly all petroleum imports, will experience severe price increases as a result of decreasing oil supply and increasing worldwide demand. One HydroMax plant can produce 242 Million gallons of conventional transportation fuel per year, enough to power 240,000 automobiles, and we are convinced that this technology will have a major energy and economic impact.”

Gasification is a process by which hydrocarbons (coal, petroleum coke, bio-mass, etc.) are heated to create “syngas” (a mixture of carbon monoxide and hydrogen gases). The resulting “syngas” can then be converted into a variety of traditional fuels such as gasoline, diesel and jet fuel, as well as electricity and hydrogen. Environmentally, gasification is ultra-clean and produces significantly less emissions than existing coal-based technologies

“The United States has a 275-year supply of coal and there is more energy value in coal under the state of Illinois alone than in all of Saudi Arabia,” said Robert Horton, Alchemix Chairman. “HydroMax allows us to put the U.S. on the path to energy independence. Doubling our current coal production would provide us with enough energy to replace all imported oil.”

Economically, HydroMax appears superior compared to existing and proven gasification technologies. “Initial calculations indicate that HydroMax will reduce gasification capital costs by 50%, achieve higher reliability and availability, and realize healthy returns while producing liquid fuels at less-than-current market prices” said Phillip Brown, Diversified’s President and Chief Operating Officer. “We anticipate that these attractive financials will encourage capital funding to develop the infrastructure required to make Coal-to-Liquids a reality.”

Under terms of the agreement, Diversified Energy will invest \$5 Million in Alchemix in exchange for stock, a technology license, and a management/development contract for the HydroMax demonstration program. The two companies are currently pursuing both government and public/private equity sources to complete funding of a pilot-plant demonstration program.



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Major industrial and utility strategic partners are also being sought to support technology and commercial plant development.

Headquartered in Gilbert, Arizona, Diversified Energy Corporation is a privately held company specializing in the development of advanced renewable energy and alternative fuel systems, projects, and technologies. The company's project portfolio includes solar electricity production, next-generation solar technologies, hydrogen production, transportation fuel efficiency, and coal-gasification/coal-to-liquids advanced systems.

Alchemix Corporation is a development stage company based in Carefree, Arizona that invented and patented the HydroMax technology, which has demonstrated its ability to convert low cost hydrocarbons into high value energy products. For more information, visit <http://www.alchemix.net>.

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