



Coal-to-Hydrogen Technology Successfully Completes Key Testing Milestone, Continues on Development Path towards Commercialization

November 13, 2006 – Gilbert, AZ – Diversified Energy Corporation today announced successful completion of an important research and development test for **HydroMax**, a patented advanced coal-to-hydrogen gasification technology. The laboratory-scale test, which represented a complete oxidation and reduction process cycle, demonstrated efficient hydrogen production and validated the fundamental science behind the **HydroMax** approach. In addition to meeting the cycle test objectives, the test also provided verification of refractory performance and trace element constituents.

“This is fantastic news for the HydroMax team” said Phillip Brown, Diversified Energy’s President and CEO. “HydroMax is a very promising coal-to-hydrogen process that warrants further exploration. These successful efforts position the technology for additional research and development activities and put HydroMax on a clear path to commercialization.” The test is one in a series of highly-monitored hardware experiments aimed at verifying the performance and economics of the system. The eventual culmination of this R&D testing phase will enable the team to move forward in engineering, developing, and operating an integrated end-to-end pilot demonstration plant at a scale indicative of commercial viability. Kal Kapur, Vice President of Programs for Diversified Energy, commented, “We created a detailed risk assessment/mitigation, development, and test plan and are now successfully meeting each and every milestone. We’re committing our own resources to execute these tests, building an end-to-end development team with industry experts, and we anticipate additional funding sources to further refine the HydroMax technology.”

HydroMax represents a breakthrough approach to gasification for large-scale, centralized production of hydrogen, from coal, for a variety of applications. Utilizing an iron/tin molten metal based reactor, the **HydroMax** system produces both hydrogen (via an oxidation step) and carbon monoxide (via a reduction step) in separate and distinct streams from the reactor. This unique quality provides a number of operating benefits including: 1) Process consolidation by eliminating gas separation equipment and reducing the size of gas cleaning systems 2) Co-production of hydrogen and electricity is possible 3) Higher process efficiencies as a result of lower operating temperature and reduced process steps 4) Capital cost reductions, and 5) Smaller required footprint area. By leveraging proven processes from the metals and mining industries, the **HydroMax** technique intends to break the status-quo paradigm by delivering coal-to-hydrogen gasification systems at up to 50% the cost of traditional systems, with 80+% efficiency, and demonstrating high availability.

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2020 W. GUADALUPE ROAD, SUITE 5, GILBERT, AZ 85233-2804
P.O. BOX 1239, GILBERT, AZ 85299-1239 (MAILING ADDRESS)
480.507.0297 (OFFICE) 480.507.0780 (FAX)
WWW.DIVERSIFIED-ENERGY.COM

About Diversified Energy Corporation:

Headquartered in Gilbert, Arizona, Diversified Energy Corporation (www.diversified-energy.com) is a privately held company specializing in the development of advanced alternative and renewable energy technologies and projects. The company's portfolio includes a diverse mix of focus areas, including coal gasification/coal-to-liquids, hydrogen production, biofuels, next-generation solar, oil shale and advanced fuel systems.

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