

**FOR IMMEDIATE RELEASE**

## **Clean Energy Systems Completes First Phase of \$13 Million Equity Investment**

Rancho Cordova, CA, February 15, 2007. Clean Energy Systems Inc. (CES), a provider of zero-emissions power plant technology, announced today that it completed the first closing of the sale of up to 13 millions dollars of its Series A preferred stock to Paxton Corporation (Paxton) and Quadrise Canada Corporation (Quadrise), both of Calgary, Alberta, Canada. CES will use the new funds to further develop its combustion technology to use emulsified fuels, expand its test facility in Bakersfield, CA and to manufacture the first commercial-scale oxy-fuel gas generator, the enabling technology in zero emission power plants.

The Paxton investment also included the award of a purchase order to CES for the oxy fuel gas generator and turbine capable of powering a 45 MW plant burning natural gas and MSAR<sup>™</sup>, a liquid emulsion fuel developed and marketed by Quadrise, based on low cost hydrocarbon feedstock.

“With this investment, we will move our oxy fuel combustion technology from the demonstration phase to commercial production,” said Keith Pronske, President and CEO of CES. “The CES technology represents the ultimate solution for producing power without airborne pollutants and green house gases. Our power systems are designed without emission stacks because all of the emissions are permanently sequestered in deep geological formations. We look forward to working with Paxton and Quadrise.”

“The ability to burn a wide range of gaseous and liquid fuels in a manner that produces no pollution is what first attracted us to Clean Energy Systems” said Murray Propp, COO of Paxton. “Beginning with our first meeting, it was apparent that Clean Energy Systems has the technology to make oxy fuel combustion a future mainstay in the electric generation industry. A Paxton/Clean Energy System co-venture will provide many new opportunities for each company.”

Earlier this year, CES successfully tested its oxy fuel combustor on a combination of oil/water emulsion and natural gas. The emulsion, known as MSAR<sup>™</sup> (Multiphase Superfine Atomized Residue) is a surfactant-stabilized emulsion of hydrocarbon in water produced, in these tests, from refinery bottoms. The MSAR<sup>™</sup> emulsion was co-combusted with natural gas to produce a steam/CO<sub>2</sub> product gas that was then used to drive a turbine to produce power. The tests demonstrated that MSAR<sup>™</sup>, when used in an oxy fuel combustion process, has superior combustion characteristics as a low-cost liquid fuel. This was the first time that MSAR<sup>™</sup> has been used to produce electricity.

CES, Paxton and others, recently announced plans to pursue the development of the nation’s first zero-emissions power plant in California. The plant will use CES technology to burn fuel in an oxygen environment, rather than air, to eliminate nitrogen oxides, key in the production of smog; sulfur dioxide, which helps create acid rain; and

carcinogen-bearing particulates. In addition, carbon dioxide, a contributor to global warming, is captured and injected into underground formations to enhance the recovery of oil in an economic manner.

### **About Clean Energy Systems**

Clean Energy Systems, of Rancho Cordova, CA, specializes in the development of zero emissions commercial power plants utilizing an oxy-fuel combustion process. The power plants use oxygen and various fuels to produce power that results in zero atmospheric emissions and water as a byproduct. The company owns an extensive portfolio of patents and a Bakersfield, CA power plant, used to further develop the oxy fuel technology. Clean Energy Systems is backed by several leading energy companies. For more information, please visit [www.cleanenergysystems.com](http://www.cleanenergysystems.com) or contact the representative below.

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