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EPA Approves First Registration for D3 RINs from Edeniq Pathway Technology

Pacific Ethanol is generating valuable D3 RINs from cellulosic ethanol produced with Edeniq's technology

VISALIA, Calif. September 12, 2016 – Edeniq, Inc., a leading cellulosic and biorefining technology company, today announced that the U.S. Environmental Protection Agency (EPA) has approved Pacific Ethanol, Inc.'s (NASDAQ: PEIX) registration of its Stockton, CA ethanol plant to generate D3 cellulosic Renewable Identification Numbers (RINs) using Edeniq's Pathway Technology.

"This approval is a landmark for the ethanol industry and our company," said Brian Thome, President and CEO of Edeniq. "This opens the door for low-cost production of cellulosic ethanol from corn kernel fiber in existing fermentation vessels to drive yields to 3 gallons per bushel. While we have long heard the story – 'Cellulosic ethanol will be here in five to ten years,' Edeniq's Pathway Technology for profitably producing cellulosic ethanol is here today. A 120 million gallon per year corn ethanol plant can increase its revenue by up to \$10 million or more through integration of Pathway, with very little investment and a less than one-year payback. This is a game-changer for the cellulosic ethanol industry, which has historically focused on investing in new plants."

Edeniq's Pathway Technology is the lowest-cost solution for producing cellulosic ethanol from corn kernel fiber utilizing existing fermenters at corn ethanol plants. Edeniq is the leader in developing analytical methods to quantify cellulosic ethanol co-produced with conventional ethanol during fermentation, which is required to access regulatory value including D3 RINs, California Low Carbon Fuel Standard (LCFS) credits, and the Second Generation Biofuel Producer tax credit.

The Pathway Technology combination of cellulase enzyme and Edeniq's Cellunator high-shear milling equipment produces up to 2.5% cellulosic ethanol, up to a 7% increase in overall ethanol yield due to yield enhancement from starch and cellulose, and up to a 30% increase in corn oil recovery.

Pacific Ethanol began producing cellulosic ethanol at its 60 million gallon per year Stockton, CA plant in December 2015 using the Pathway Technology. Neil Koehler, the company's president and CEO, stated: "The EPA-approved registration for generating cellulosic ethanol and D3 RINs is an important milestone in our strategy to be a leading producer of cellulosic ethanol. We expect to produce over one million gallons per year of cellulosic ethanol at our Stockton facility. With the high-value D3 RINs, the carbon credit under California's Low Carbon Fuel Standard, and the federal Second Generation Biofuel Producer tax credit, we expect that cellulosic ethanol production will materially contribute to the profitability of



our Stockton facility. As we confirm and optimize our cellulosic ethanol production process, we will look toward expanding this to other Pacific Ethanol plants.”

“Our Pathway Technology offers a very attractive value proposition for every plant configuration,” said Cam Cast, Chief Operating Officer of Edeniq. “Customer interest in our Pathway Technology is very strong right now, and market adoption of our technology in the U.S. alone could add over 300 million gallons per year of cellulosic ethanol. We are excited to be working with ethanol plants on several new commercial trials in addition to previously announced licenses. Our team is inside plants on a weekly basis working side-by-side with our customers, and our pipeline continues to grow. We particularly want to thank the Pacific Ethanol Stockton plant for their partnership in commercializing the Pathway Technology.”

Edeniq is also pleased to announce the closing of a financing round to support an accelerated roll-out of the Pathway Technology.

About Edeniq, Inc.

Edeniq has developed leading processes for producing low-cost cellulosic sugars and cellulosic ethanol. Edeniq’s capital light and operationally efficient solutions can be easily integrated into existing biorefineries that produce ethanol, other biofuels, biochemicals, and/or bio-based products. Edeniq currently sells or licenses its technologies to biorefineries in the United States. Edeniq was founded in 2008 and is headquartered in Visalia, California with a field office in Omaha, Nebraska. More information can be found at www.edeniq.com.

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