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October 24, 2006

Another Blow To EEE's Credibility

During a September 26, 2006 interview on CNBC's Squawk Box, Evergreen Energy Inc.'s (NYSE: EEE, $12.03) Chairman and Chief Executive Officer ("CEO") Mark Sexton referred to the asensio.com videos of EEE's shipment to First Energy Corp. (NYSE: FE, $59.03) and asked that the company "not be judged on the doctored videos on some short-sellers website."

Incredibly, according an October 6, 2006 SmartMoney.com article titled "Another One Bites The Coal Dust," Mr. Sexton made the above plea to investors using the "doctored" claim without ever having actually seen the asensio.com videos. Yet the article tells investors that in a later interview with SmartMoney.com, Mr. Sexton "acknowledged he hadn't actually seen the videos but rather was getting reports from other people in the company."

This is not the first time that Mr. Sexton makes an errant statement over a matter of acute significance to Evergreen's investors. In an August 09, 2006 article in the Rocky Mountain News, Mr. Sexton is quoted as saying that the he hopes that EEE will be "profitable in my lifetime."

Not two months later, with nothing else having changed except more controversy surrounding EEE's shipment to First Energy Corp., Mr. Sexton changes his outlook on profitability and states to Bloomberg News on September 28, 2006 that the "company is unlikely to record a profitable year until 2008." However, in a brief write-up on Evergreen included in an October 23, 2006 summary of publicly traded alternative energy companies by Goldman Sachs Inc. (NYSE: GS, $187.84), profits begin in 2009, based entirely on EEE's representations and not any Goldman forecast.

In fact, Goldman without doing any independent or deep work was able to find that EEE's K-Fuel is not significantly proprietary or unique and also found no notable research and development funding. Most shockingly, Goldman could not find a reason to buy EEE even assuming EEE could meet its counter-actual and wholly unsupported pricing, production, margin and capital expenditure claims.

Still many should-know-better investors continue to follow the advice of EEE's conflicted analysts who have questionably shrugged off EEE's grossly errant guidance on operational status and lack of volume, pricing and cost disclosures; omission of material adverse information about the First Energy delivery; the spending of over $166.1 million and well over 4 years on an experimental plant that it claimed would only cost $20 to $25 million and take only 9 to 12 months to build; large controversies over the very small Neil Simpson test burn; dealings in Alaska that caused the resignation of the state's Attorney General and repeated violations of the industry leading PRB User Group's guiding principle: the open sharing of detailed information on actual experiences in using PRB coal.

Media inquiries can be submitted to Reports@asensio.com.