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NEWS

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Next Step Biofuels Manufactures Energy-Dense PowerPellets™ from Corn Stover

PowerPellets Burn Like Coal; Ship and Store Like Grain

OMAHA, Neb — August 25, 2009 — Next Step Biofuels, Inc. (www.nextstepbiofuels.com), a Nebraska-based company that utilizes proprietary processes to convert non-food biomass into clean, renewable energy, announced today the successful, commercial-scale production of PowerPellets™ from corn stover at Loup Valley Alfalfa's pelleting facilities in Burwell, Neb.

Next Step COO Russ Zeeck explained that the industrial-scale production of pellets from corn stover is a huge step forward in unlocking corn stover's vast potential as a reliable, affordable source of renewable energy. "Corn stover – all the leaves, cobs and stalks leftover after the corn is harvested – is America's most abundant source of sustainable biomass," said Zeeck. "But, converting it into a fuel that can be economically shipped and stored at scale has proven elusive. Traditional pelletizing processes don't work on corn stover, but the proprietary, patent pending processes we've developed over the past few years do."

Loup Valley Alfalfa president and CEO Jon W. Manasil said that his 65-year old pelleting and feed mill operation has long been interested in a way to pelletize corn stover, but, until testing Next Step's process last week, had not identified a suitable technology. "The Next Step solution is commercially viable," said Manasil. "It works at industrial-scale and does not require binders or additives."

"Our recent production run with Loup Valley Alfalfa exceeded all the operational parameters and product specifications we hoped to achieve," added Zeeck.

Next Step plans to sell corn stover PowerPellets to coal-fired power plants and cellulosic bio-refineries worldwide. Coal-fired power plants in the U.S. and abroad can seamlessly add PowerPellets to their current operations to comply with a wide variety of carbon-reducing laws and regulatory incentives.

"U.S. based utilities are eager for a way to meet state-level Renewable Portfolio Standards (RPS) and carbon reduction programs, as well as the imminent federal RPS and carbon cap and trade programs," explained Zeeck.

“PowerPellets are the fastest, most cost-effective way for them to achieve compliance. We’re in discussions with several utilities – both here and overseas – regarding long-term contracts to supply PowerPellets.”

Next Step president Kevin Dretzka explained that a key benefit of PowerPellets is that they ship and store exactly like grain. “PowerPellets can be shipped and stored using existing infrastructure ... the very same infrastructure the world uses to ship and store billions of tons of corn, rice and wheat,” said Dretzka. “By solving key shipping and storage issues, we give our customers – utilities and bio-refiners – confidence in an affordable, deep supply of biomass. In the case of coal-fired utilities, this confidence immediately opens up a huge market: coal-fired power plants can co-burn PowerPellets today – with no meaningful changes to their current operations – to realize significant and valuable reductions to their carbon footprints.”

Next Step plans to complete its first PowerPellet plant by late 2010. A typical plant will produce 175,000 tons of PowerPellets annually. “We look forward to building many, many of these plants over the next decade,” said Dretzka.

About Next Step Biofuels, Inc.

NextStep Biofuels, Inc. knows that the next step for energy is biomass. Next Step employs proprietary processes to convert a wide variety of non-food biomasses into dry, energy-dense PowerPellets™ that are cost-effective to ship and store. PowerPellets can be used in multiple, worldwide markets: as a direct, clean substitute for coal to generate electricity; as a source of heat and power for industry and institutions; and, as a feedstock for the production of cellulosic biofuels and bio-chemicals. Next Step brings biomass into the mainstream as a reliable and affordable source of clean energy. For more information, visit www.nextstepbiofuels.com.

About Loup Valley Alfalfa, Inc.

For over 65 years, Loup Valley Alfalfa, Inc. has been a mainstay of the feed and dehydration industry in central Nebraska. Loup Valley Alfalfa, Inc. provides high quality, all natural feeds at competitive prices by developing and implementing cutting-edge process technologies. Loup Valley Alfalfa is owned and operated by Jon W. Manasil, the third generation of his family to run the business. Loup Valley is actively diversifying its business into new agri-industrial sectors such as biomass for energy.

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