



****NEWS RELEASE****

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California State Lands Commission Approves Carlsbad Desalination Project

Final Approval Clears the Way for Construction to Begin

Carlsbad, CA – Poseidon Resources today announced that the California State Lands Commission unanimously approved (3-0) the Carlsbad Desalination Project during a public hearing in Los Angeles. The Commission authorized a lease agreement that will allow for operation of the desalination plant, bringing to a successful close the project's permitting process which began in 2003.

“This is a historic day for the state of California,” said Poseidon Resources’ Senior Vice President Peter MacLaggan. “As a result of today’s State Lands Commission approval, the Pacific Ocean will soon be a critical component of the state’s water supply portfolio,” he said. “Poseidon will be building one of the most technologically advanced and energy-efficient seawater desalination plants in the world. It will be a model for other desalination projects needed by the state,” said MacLaggan.

Nine San Diego public agencies from throughout the County have signed 30-year water purchase agreements with Poseidon Resources, including Carlsbad Municipal Water District, Valley Center Municipal Water District, Rincon del Diablo Municipal Water District, Sweetwater Authority, Rainbow Municipal Water District, Vallecitos Water District, Santa Fe Irrigation District, Olivenhain Municipal Water District and the City of Oceanside Municipal Water District.

Poseidon has worked in partnership with the City of Carlsbad since 1998 to build the desalination plant, which will have a capacity to produce 50-million-gallons-per-day of high quality drinking water and serve 300,000 residents annually. The construction of the Carlsbad Desalination Project is on schedule to begin during the first half of 2009 and the plant will be operational in 2011.

Poseidon Resources specializes in developing and financing water infrastructure projects, primarily seawater desalination and water treatment plants. These projects are implemented through innovative public-private partnerships in which private enterprise assumes the developmental and financial risks. For more information on Poseidon Resources and the Carlsbad desalination plant visit our website at www.carlsbad-desal.com.

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