

Tolko Industries Receives Energy Conservation Award for Nexterra Gasification System at Heffley Creek Mill

Vancouver, BC – December 20, 2007 –Tolko Industries Ltd. has been awarded a Canadian Industry Program for Energy Conservation (CIPEC) Leadership Award for switching from natural gas to clean burning synthesis gas produced by Nexterra's biomass gasification system at Tolko's Heffley Creek plywood mill in Kamloops BC.

"Tolko has demonstrated the kind of commitment to energy efficiency that is truly a model for Canada's industrial sector," said David Anderson, Parliamentary Secretary to the Minister of Natural Resources, Gary Lunn. "I thank you for your role in helping Canadians use less and live better."

In 2005, Tolko partnered with Nexterra Energy to design and build a gasification system that converts low value wood waste into "syngas" which is used as a fuel to replace natural gas at the Heffley Creek mill. The new system, which has logged over 10,000 hours of operation since it opened in 2006, reduces greenhouse gas emissions at the plant by 12,000 tonnes annually and displaced \$1.5 million in natural gas this year.

"Increasing our competitive advantage by reducing our operating costs was a primary goal for Tolko," said Michael Towers, Manager, Tolko Energy Supply and Systems. "To do it in a way that also dramatically reduced our emissions really made it a win-win solution for us. Having our efforts recognized with such a prestigious award is a source of pride for everyone at Tolko."

"We congratulate Tolko for their commitment to becoming energy self-sufficient," said Jonathan Rhone, President and CEO of Nexterra Energy Corp. "Tolko has been a great partner on this project. The plant at Heffley Creek has demonstrated that our gasification technology enables customers to both improve their bottom line and also reduce their impact on the environment."

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About Tolko Industries Ltd. – Tolko Industries is a private, Canadian-owned forest products company based in Vernon, British Columbia with approximately 4,000 employees. Tolko is a major producer and marketer of lumber, veneer, plywood, oriented strand board, and kraft papers, with manufacturing operations across Western Canada. The Company’s Woodlands operations have received third-party certification of their sustainable forest management systems.

About Nexterra Energy Corp. – Nexterra is a leading developer and supplier of advanced gasification systems that enable customers to self-generate clean, low cost heat and/or power using waste fuels at institutional and industrial facilities. Nexterra gasification systems provide a unique combination of attributes including design simplicity, reliability, versatility, ultra-low emissions, low cost and full automation to provide customers with a superior value proposition compared to conventional combustion solutions. Nexterra is a private company based in Vancouver, BC, Canada.

About Canadian Industry Program for Energy Conservation Program – Administered through Natural Resources Canada, CIPEC is a partnership between industry and the federal government to promote the efficient use of energy. The CIPEC Awards recognize Canadian organizations for their significant and innovative contributions to energy efficiency.