



News Release

Tolko Purchases Clean Energy Gasification System from Nexterra

Heffley Creek & Vancouver, BC – April 13, 2005 – Tolko Industries Ltd. and Nexterra Energy Corp. announced today that they have signed an agreement for Nexterra to supply and install a 40 GJ/hr energy system at Tolko's Heffley Creek plywood mill.

The multi-million dollar gasification system will convert 25,000 tonnes per year of green, bark wood residue produced on-site into clean, renewable thermal energy. The energy produced will displace approximately 235,000 GJ (gigajoules) per year of natural gas currently used at the mill to produce hot water for log conditioning and to dry veneer. This is equivalent to the amount of natural gas required to heat approximately 1900 typical residential homes in British Columbia.

As a result of the project, Tolko will realize fuel cost savings of over \$1.5 million annually. The project will reduce the overall air emissions from the mill by eliminating VOC emissions from one of the mill's veneer dryers. By substituting natural gas with biomass wood fuel, the project will also reduce Tolko's greenhouse gas emissions by an estimated 12,000 tonnes per year. The project, which is partially funded by Ethanol BC, is scheduled for completion in early 2006.

"This project represents a strategic investment in a new technology that will help us become more competitive and energy efficient," said Jim Baskerville, Tolko's Regional Manager of Veneer & Plywood. "Nexterra's gasification technology will also enable us to reduce air emissions from the mill, improve air quality and lower greenhouse gas emissions. We look forward to ongoing collaboration with Nexterra to develop applications for this technology at other Tolko operations."

"We are very pleased with this agreement," said Jonathan Rhone, President and CEO of Nexterra. "Tolko is a recognized leader in the forest industry with a track record of innovation. We see this as the first step in a long-term relationship. This agreement underscores a growing opportunity for Nexterra to deliver cost effective, clean energy solutions to forest companies based on our gasification technology."

"This project is a win-win for the local economy, the environment and the Province of British Columbia," said Kevin Krueger, MLA for Kamloops-North Thompson. "Tolko's investment in Nexterra's gasification technology represents the kind of progressive leadership required to keep our forest industry competitive. This project protects local jobs, encourages innovation and enhances environmental performance."

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About Tolko Industries – Tolko Industries Ltd. is a privately owned forest products company based in Vernon BC, which manufactures and markets specialty forest products to world markets. Since being established in 1956, Tolko has grown to more than 4,800 employees with 18 manufacturing divisions, four marketing and sales business units and a tree seedling nursery in Western Canada.

About Nexterra Energy Corp. – Nexterra Energy Corp. develops, manufactures and delivers gasification systems that convert solid fuels into clean, low cost heat and power. Nexterra systems enable industry customers to self-generate energy using residual or waste fuels produced on-site. This results in lower energy costs and less reliance on natural gas and grid-purchased electricity.

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