

Tolko and Nexterra Complete Gasification Plant: Technology Fuels New Era of Clean, Low Cost Energy

Vernon and Vancouver, BC – July 25, 2006 – Tolko Industries Ltd. and Nexterra Energy Corp. announced today they have successfully completed their new gasification project at Tolko's Heffley Creek plywood mill near Kamloops BC. The new "syngas" plant converts wood residue into low-cost, clean, thermal energy, replacing high-cost natural gas and moving this mill closer to energy self-sufficiency. The system will not only save the mill more than \$1.5 million in annual fuel costs, but will also improve local air quality and reduce Tolko's greenhouse gas emissions by 12,000 tonnes per year. This is equivalent to taking almost 3,000 cars off the road.

"This project underscores Tolko's commitment to investing in technologies that make our mills more energy self-sufficient, and improves our environmental and bottom-line performance," said Jim Baskerville, Tolko's Regional Manager, Veneer and Plywood. "We are very pleased with the Nexterra gasifier system. It is user friendly, simple to operate, and we are working with Nexterra to identify opportunities where we can apply the technology at other Tolko mills."

"This project is a great example of the innovative use of biomass for energy production – a concept we are addressing in the development of a new bioenergy strategy," said Richard Neufeld, BC Minister of Energy, Mines and Petroleum Resources. "In the future, bioenergy will help meet our electricity needs, help create jobs and develop economic opportunities, while also helping to protect our health and environment."

"This is tremendous news for the forest industry," said Jim Dangerfield, Vice-President, Western Region, for Forintek, Canada's Wood Products Research Institute. "Despite progress toward energy self-sufficiency, the industry still consumes billions of dollars of fossil fuel. Switching from natural gas to syngas using Nexterra's gasification technology has the potential for widespread application in the forest industry to reduce reliance on fossil fuels, cut costs and improve competitiveness."

"Tolko is a terrific partner and we will continue to support their goal of becoming energy self-sufficient," said Jonathan Rhone, Nexterra's President and CEO. "This project demonstrates how our technology can help customers regain control of their energy costs by switching to alternative fuels. This concept of an 'inside-the-fence' syngas utility has widespread application in the forest products and other industries as leading companies invest in fuel conversion technologies."

About the Project – In 2005, Tolko partnered with Nexterra to develop the 38 MMBtu/hr gasification system that converts 13,000 bone dry tonnes per year of wood residue into a clean burning, renewable biofuel called syngas. The syngas generated will displace approximately 235,000 GJ (gigajoules) per year of natural gas previously used at the mill to dry veneer and to produce hot water for log conditioning. This is equivalent to the amount of natural gas required to heat approximately 1,900 residential homes in BC.

This project has received financial support and encouragement from the federal and provincial governments including Natural Resources Canada, TEAM (Technology Early Action Measures – a federal interdepartmental technology investment program) and Ethanol BC.

About Tolko Industries – Tolko Industries Ltd. (Tolko) is a private, Canadian-owned forest products company based in Vernon, British Columbia, which manufactures and markets specialty forest products to world markets. Since its beginnings in 1956, Tolko

has grown from a small sawmill in Lavington, BC, to become a company diversified by geography and product, with approximately 5,000 employees across Western Canada. Tolko celebrates its 50th Anniversary in 2006. For more information, go to: www.tolko.com.

About Nexterra Energy Corp. – Nexterra Energy Corp. is a leading developer and supplier of gasification technologies and systems for “inside-the fence” industrial, institutional and commercial heat and power markets. Nexterra gasification systems convert solid biomass fuels into clean burning syngas that is used to displace natural gas or fuel oil to generate heat and/or electricity. Nexterra is a private company based in Vancouver, Canada. For more information, go to: www.nexterra.ca.

For further information, please contact:

Nexterra Energy Corp.

Raymond McAllister
Director, Communications
Tel: (604) 637-2507
Email: rmcallister@nexterra.ca

Tolko Industries Ltd.

Sheila Catlin
Manager, Communications & Public Relations
Tel: (250) 549-5326
Email: sheila.catlin@tolko.com